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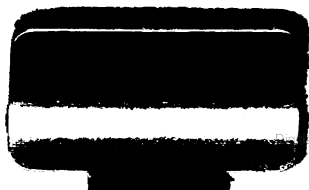
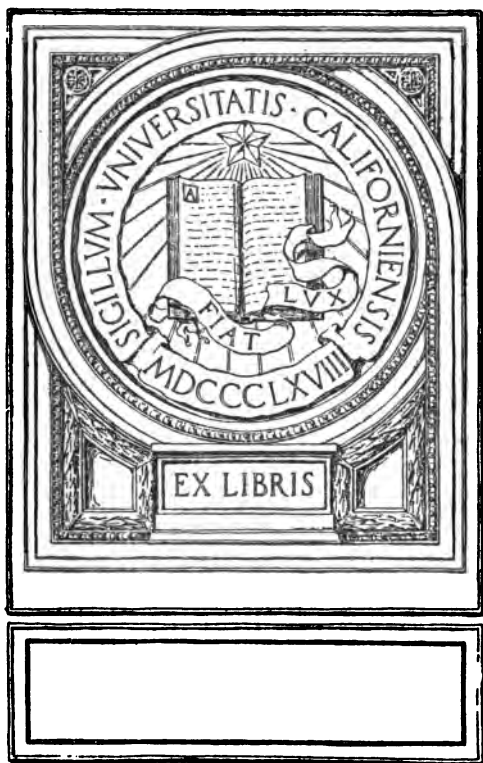
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## **LUXURY AND WASTE OF LIFE**



**"Do you not see that your individual life is and can be only secured at the continual sacrifice of other lives ?**

**"And that therefore you can only hold it on condition that you are ready in your turn to sacrifice it to others ?"**

**EDWARD CARPENTER, "Towards Democracy."**

# LUXURY AND WASTE OF LIFE

BY  
E. J. URWICK



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## INTRODUCTION

**T**HIS book is intended primarily to answer two questions : first, Is there any reason, apart from legal and charitable claims, why people should not spend upon themselves and their families and friends the whole of their incomes, whatever these may be ? And secondly, What is the effect of "luxurious" expenditure upon trade, or upon any class of traders, upon the poorer classes, and upon the community generally ? More briefly, the two questions may be stated thus : How far do moral considerations enter into the subject of our expenditure ? and, What are the economic and social effects of luxury ? The questions involve both the ethical and the economic aspects of luxury ; and these are treated, as indeed they must be, not separately, but in close relation to each other.

It may be objected that such an inquiry is, to

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say the least of it, rather superfluous. Part of it, at any rate, should need no answer nowadays. If there is any single doctrine upon which economists have been unanimous for more than a century past, it is this : that expenditure upon luxuries always tends to be unproductive and wasteful, and therefore bad, in the long run, for industry and trade alike. Their verdict has been supported by arguments which common sense finds irrefutable. Why then waste time in rediscussion of issues which sensible people ought to consider closed ?

Two reasons may be given. First, there is the strange fact that the unanimous verdict of the economists is persistently rejected, and the fallacy which it demolishes as persistently accepted, by at least three-fourths of our population. The majority of people of every class have an obstinate belief that to spend money as freely as one's income permits is an excellent thing, for it "gives employment" to the working classes, causes wealth to circulate, and stimulates prosperity generally. The majority of rich people amplify this belief into the satisfactory doctrine that their expenditure upon luxuries is

the direct means of giving a livelihood to the poorer people who work for them, for, as spenders, they are the patrons, employers, and wage-payers of the workers. But these beliefs are hardly distinguishable from the time-honoured economic heresy that the consumption of luxuries is "good for trade"; and it seems to be beyond question that the heresy, in one form or other, is still an integral part of the creed, not only of the manufacturers and retailers who supply the articles of luxury, and of their customers who enjoy them, but of many other people who would enjoy them if they could, and who like to see the more fortunate rich "circulating their money" as befits their wealth. Even the journalists, whose function it is to correct the mistakes of an unscientific public, leave this particular fallacy undisturbed; or, if they happen to be attached to the staff of a fashionable paper, lend it their active support with an apparently wilful disregard of the orthodox economic teaching which refutes it.

The very vitality, then, of this admitted fallacy is some excuse for a further attack upon it. But even better ground is given by the



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causes which explain the vitality. It is very easy to say that the secret lies in an unconscious self-interest which blinds both the consumers and the sellers of luxuries to the truth. Assuredly self-interest is the explanation of many of the cherished dogmas which our social creed contains, and gives a long lease of life to the absurdest opinions. But when one finds an apparently obvious fallacy surviving and flourishing so healthily, one is tempted to wonder whether it does not after all contain a germ of truth. And this disquieting suspicion is borne out, I think, by the results of a closer scrutiny. It is therefore not a waste of time to take up the issue afresh, and attempt a fuller analysis than the economists usually make.

In the second place, the argument by which the economists established their position, that expenditure upon luxuries is unproductive and therefore to be deprecated, is by no means as convincing now as it used to be. Part of it depends upon a theory of the uses of capital which was itself false (I refer, of course, to the doctrine of the "wages fund"); and though the abandonment or restatement of this theory has

not materially shaken the conclusion as a whole, it has weakened the basis upon which it rests. But more than this : all economic dogmas are related to the actual conditions of industry and of society obtaining at any given time ; they are not eternal and immutable truths. And rapid changes in the methods of production, in the ease with which wealth is produced, in the functions of capital, and in the standard of living and the diffusion and total amount of wealth—all these tend to modify the applicability of any doctrine.

The economic argument certainly needs restating at the present time ; and this is the more important in view of the greater interest now taken in the ethical aspects of the question. Hitherto these latter aspects have been almost totally neglected. There is at present no “ethic of consumption,” nor does it usually enter into people’s heads that the innocent spending of their money in the ways approved by their class can involve any question of right and wrong at all. The treatment of this side of the subject therefore needs no excuse.

It must not, however, be supposed that I have

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attempted to deal with all the moral issues involved in a consideration of luxury. There is one aspect of them which my arguments do not attempt to touch. I am, of course, not unacquainted with some excellent writings in praise of simplicity. Charles Wagner's *The Simple Life* and W. J. Dawson's *The Quest of the Simple Life* are recent examples of these; and the more classical essays of writers of all ages, from Marcus Aurelius and the Stoics to Thoreau and Tolstoi, are familiar to most of us. But all these have aimed at setting before us a personal ideal, and so leading us into better paths than are to be found among the extravagant complexities of luxurious living. Their exhortation has regard to the question, "What manner of life is best for *me*?" not to the more definitely ethical question, "How does my manner of life affect my neighbour?" And as we are all of us entitled to answer the former question as we please, and do habitually answer it according to the standard of wants which each is brought up to think right or allowable, the exhortation does not really touch our social conscience, however much we may feel the force of the appeal to live

a healthier life and embrace a purer ideal. But it will be seen that my arguments are concerned wholly with the second question, or rather with this special form of it, "How does my action as a spender of money and a user of wealth affect my neighbour?" It is this which ought to interest us in our capacity of consumers of wealth who are also moral members of society; and to answer this is the aim of the book. The arguments may be faulty, the particular conclusions may be false; but I believe the principle underlying them is essentially true, namely, that all our expenditure *matters*; that it is not an indifferent thing which concerns us only, but a very vital thing which, directly or indirectly, affects the lives of others. And this is the case, not because the satisfaction of our wants in luxurious ways may, by leading to self-indulgence, injure our souls or block the path to better things, but because all our satisfactions react upon the satisfactions of others, and upon the possibilities of a satisfactory life throughout the community.

The discussion of the two main questions brings into light other issues of equal import-

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ance, both ethical and economic. Some of these have been passed by entirely, others treated much more briefly than they deserve. If I appear to have given a very cavalier treatment to some very vital questions, it must be remembered that the book is not written for students, but for ordinary readers. For this reason the consideration of the special economic questions—which could not be avoided—of the relation of luxury to saving and investment, and of these to the creation of capital and the increase of production generally, have been relegated to an appendix. The vast social question of the ethical aspects of lavish expenditure and of large incomes, and the effect of these upon the general well-being, could not be passed by ; but it has been dealt with as shortly as possible.

The reader has a right to ask with what pre-suppositions I have approached the subject of luxury. What social theory underlies my attitude? Is it individualist, socialist, communist, or what? I will try to answer the question as fairly as may be.

What is called “the social problem” may be approached from three different points of view.

It is usually regarded as a problem of suffering. This is the philanthropic view, and leads to reforms of the conditions of life and of work, and to provision of relief and increased facilities of living, or even of living well. But it is never radical; it assumes acquiescence, more or less, in the existing order and organisation, criticising these little or not at all.

The problem may also be regarded from the point of view of fairness and unfairness. This is a far more radical view, and leads at once to criticism of the existing social order. It is often identified with the socialist view, which owes its strength to the insistence on fairer conditions, more equal opportunities, and juster rewards for work and worth. But it may carry us along other lines than those of socialism—lines of criticism equally radical, though not equally leading to wholesale reconstruction.

Finally, the social problem may be regarded as a spiritual problem. In this view the emphasis is no longer laid upon suffering or upon unfairness, but upon the worth of life, and upon the possibility of reaching an ideal, at once individual and social, by paths on which both suffering and

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inequalities may exist—must, indeed, exist always, as necessary conditions for the struggle upwards. This does not mean that they are negligible conditions, for it is necessary and right to fight against them and lessen them in every reasonable way. Only, this mitigation of suffering and unfairness will not be in itself the end. Individualist reform, socialist reconstruction, both appear, in this view, rather as incidents than as essentials. Both are worth striving for, of course ; but the goal is not there. To each alike must the question be put, “How far will you make it possible for our souls to grow upward and find the food they need for their growth? Therein lies your test ; if the answer is good, then go on and claim our help. But your work done, the true problem remains—*How* are we all to find and seize and make our own the things that matter to the soul’s growth?”

Now this third view, which may be called the spiritual or religious view, is commonly thought to stand apart, outside the arena of practical reform and change, a sphere for the moralist and the preacher alone. But, though it suggests no obvious changes in the social order, it is not a

thing apart. Rather, as the only fundamental view, it must underlie the others. Both reform and change should start from this basis, that our comforts and satisfactions are secondary to something else, and must spring from a realisation of the all-importance of this something else—let us call it the true life.

Now it is not the case that these three views conflict. The first, the view of the individualist who cares for the poor, does often clash with the second, the view of the socialist, who is sometimes thought to combine care for the poor with a decided want of care for the rich. And the views of both are often limited to the objects about which they care most. But the antagonism is not nearly so great as it seems, at any rate so far as their real aims are concerned. Both would agree that a fairer distribution of wealth, and of the satisfactions obtainable from wealth, is a good end to strive for; both would also agree that a better distribution is hindered by a public opinion which encourages individuals to amass wealth without limit in order to enjoy unlimited satisfactions without any idea that they are injuring others. And for this reason I think they may



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both meet harmoniously on the question of the ethic of luxury.

This then must be the answer to the question, What social theory is presupposed in the discussion? Is it individualistic? Yes, certainly, in the true sense that all real reform must have its counterpart in changes of the individual will and conscience. Is it socialistic? Again, yes; but with the emphasis laid on surrender, not on confiscation. Extravagant expenditure is a very strong weapon in the armoury of socialist arguments. The socialist would take the drastic course of depriving the rich of the means of spending their surplus wealth on themselves in order that the poor might have more abundantly. But it is possible to desire the same end, the fairer distribution of enjoyments and satisfactions, and yet to hope for its gradual attainment by milder processes. If the rich could be awakened to a sense of their responsibilities as consumers of wealth; if those who have abundantly could realise that their enjoyment of abundance is often secured at the expense of those who have not; if it could be impressed upon the conscience of all that the goods which

we use in excess are a drain upon the total resources which are not yet enough to supply the reasonable wants of all ; then there would begin, automatically and inevitably, a quiet revolution from the state of great inequality to one of comparative (though not absolute) equality of satisfactions. The surplus wealth of the rich would gradually be surrendered, not angrily, but gladly. No one would care to be exposed to the odium attaching to the dog in the manger, a character which no selfish rich man can escape.

Such a revolution is yet a long way off, no doubt. And perhaps the basis of my arguments had better be described frankly as idealistic ; for there is an underlying assumption, which I make no attempt to justify, that much is to be hoped from clearer knowledge and acuter consciences, and not very much from any short cuts to equality of satisfaction or of the opportunities of enjoyment.

I am afraid, however, that this statement will hardly satisfy those liberty and property defenders who may think they see a socialist taint in my conclusions. Let me therefore state the position more definitely.

The whole analysis of expenditure involves a

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side issue of socialism, for it leads direct to the question of the good or evil of big incomes and the effects of spending them. Now in its essence modern economic socialism, or collectivism, is concerned only with the ownership of capital, not with the possession of income, that is, of money to spend. The latter involves the control and direction of labour by consumers, which in some form must always exist, and which the socialist wishes to make more perfect. But the former—the ownership of capital—carries with it the control and direction of labour by the owners of certain of the means of production, a form of control which the socialist would like to see abolished altogether. Socialism, as such, has little to say as to incomes and expenditure, except so far as incomes may be derived from capital in the form of interest. It is a mistaken idea that socialism would equalise income—almost, though not quite, as absurd as the idea that socialism would abolish property. At the same time, it would undoubtedly lead to *greater* equality of income. And on this point the conclusions to which my arguments tend are definitely on the side of socialism.

This relation may be made more clear in this way. Of the two great forms of property, the right to use material and labour directly for one's own satisfaction, and the right to own, and so control and use, the means which labour needs for production—socialism only aims at the abolition of the latter. The loose talk about abolishing property, in the former sense, is absurd. No scheme could ever abolish property in this sense, because the right to use material and services cannot be destroyed, though it may be limited, and the mode in which the right is held may be changed. The right may exist in the form of the ownership of so much money to spend, which means so much claim on existing resources or existing services ; or, money being abolished, in the form of so many counters or checks or notes, each of which would give a certain amount of claim ; or these being abolished, in the form of a recognised right to take and use so much, the amount being fixed according to some scale differing with the position or work of the individual. But as long as we have individual desires, or even individual stomachs, so long must we have private and individual

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needs for things wherewith to satisfy those desires and stomachs ; and as long as social beings or members of a society are dependent upon one another's services, so long must we have rights to use those services. How, and to what extent, are questions which will be answered in various ways at various times. At one time both rights may be absolute, e.g. when a few grasp power by force, and make things their exclusive possession and persons their slaves. Or one right may be practically absolute—the use of things—and the other limited—the use of services—as is now the case, in what may be called our money-power world. Or both rights may be limited, as would be the case in any ideal state where the right to things, as well as the right to services, would be limited by the recognition of the rights, or claims, of all others. But a state where no one has a right to the private use of anything, or to the private use of any service, is almost unthinkable. Moreover, not only must the rights be acknowledged in some form, but differences in the amount of the rights, that is, in the actual command possessed by different individuals over things and services, will persist

also, so long as differences in power of any sort continue. At one time sheer force, and physical ascendancy ; at another, the power of cunning ; at another, power of will or of intellect or of skill, or the ascendancy that comes of prestige or of personal magnetism ; or in the last resort, differences of mere likeableness and power of attraction will enable one person to excel another in the use of other people's services. And in each case the difference of claim will be ratified and acknowledged as a right by the existing social order.

Now the proposition that the right to consume goods and use services is far too unequally divided at the present time in this country is, of course, one which the socialist will accept eagerly, and will use to give point to his plea for a change in the ownership of that peculiar form of property which consists in the ownership of capital. But then the individualist often finds himself compelled to accept the same proposition, though he may strenuously object to any alteration in the existing ownership of capital. He will admit the evils of huge incomes and of excessive expenditures, though he may see no way of lessening the evil.

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On this point, then, both the conscientious individualist and the reasonable socialist (though not, of course, the communist) will agree. There must be some inequalities, of spending-power or income as of other forms of power. That is unavoidable, and also necessary to progress. But progress does not require that the edifice of social inequality should rise so high nor contain so many stories as it now does. There is no reason why the top should be almost out of sight of the bottom. It is one thing to have richer and poorer ; quite another thing to have the millionaire and the pauper. We want rather what Ruskin called "the melodious inequalities of concurrent power" than any extremes of "iniquitous dominance and depression." And, on the basis of this agreement, the individualist and the socialist alike may be able to accept most of my arguments. It is possible too that both will agree that the surest step towards any improvement is to awaken the conscience of all consumers to the probable ill effects of their expenditure, if no limit is set to it, and no special care exercised in the choice of the things consumed.

Finally, in order to disarm certain criticisms, I must emphatically assert that this book is not written by an economist as a contribution to economic theory. The whole subject of the economic of consumption is an extremely complicated one, and still awaits the careful treatment of economists. Much, of course, has been written upon the subject, but only incidentally. Many economists, from Adam Smith to Mill, and their followers, have, in different ways, given their authority to what may be called the orthodox view ; recent writers, such as J. A. Hobson and J. M. Robertson, have criticised that view. John Rae dealt seventy years ago with the question of luxurious consumption due to motives of vanity, and laid the foundation of the theory recently worked up in great detail by Veblen in his theory of conspicuous waste. Among admitted authorities of the present day, the writings of Prof. Marshall, and still more Prof. Smart, contain the pith of many of the arguments I have used—especially the latter's *Studies in Economics*, which I confess with shame I had not read till most of this book was written. But all these have written for students of economics.



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My aim has been to present some aspects of the subject to the general reader, in a way which may be interesting to him and may stimulate his thought. In doing so, I may be criticised for making a very bold use of certain terms and theories behind which there lurks a mass of controversy. I have thus laid myself open to much deserved criticism, as perhaps any writer must do who tries to deal popularly with an intricate economic subject. But, though fault may be found with the details, I believe the main argument and the conclusion will approve themselves to most economists.

# LUXURY AND WASTE OF LIFE

## CHAPTER I

Difficulties of definition—Current opinions about luxury—A provisional definition : luxury and luxurious expenditure determined by reference to the average income of the community.

**L**UXURY signifies the consumption of commodities which are not necessities ; and necessities are whatever things are necessary to life, together with "whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without." So Adam Smith defined luxury a hundred and thirty years ago ; and the definition has been generally accepted ever since. But a little analysis brings out certain difficulties. It is evident that the economist's intention was to define *luxuries*, and not luxury in the sense of a habit of indulgence or a mode of living which is in some way repre-

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hensible and to be shunned by all self-respecting people. Sugar in our tea is a luxury, and even the tea itself ; but though one of Adam Smith's contemporaries traced the decline of the English character to the pernicious habit of tea-drinking, just as another traced it to the equally pernicious practice of Methodism, it would hardly accord with common sense nowadays to point to the Methodist tea-drinker as an example of a man living a life of luxury ; and even the addition of sugar in his tea would fail to bring him under the ban which Milton laid upon "lewdly pamper'd luxury," or to give point to Burns's invective against "luxury's contagion, weak and vile."

Clearly the luxuries defined by the economist are not quite the same thing as the luxury denounced by the moralist ; the former may be perfectly harmless and even good ; the latter is always both dangerous and bad. The two are connected, certainly ; but in order to reach the luxury to which any stigma is attached, something more than the mere consumption of superfluities, or goods which are not necessities, is required. The most vigorous opponents of

luxury are not likely to start a crusade against the use of many varied kinds of food or clothing, nor against the enjoyment of many amusements and satisfactions, which are not at all necessary in the sense that we cannot do without them if we choose. My tea and coffee and tobacco, my arm-chairs and pictures and neckties, are all superfluous, no doubt ; but that fact will not make the use of them "luxurious." True, some advocate of the simple life may exhort me to give them up ; but for other reasons. He may urge that they involve a complexity of living incompatible with the best kind of life. So too a food-reformer may condemn the use of tea and coffee, or a hygiene-enthusiast may deprecate the wearing of silk or cotton shirts, or a lover of animals may forbid the purchase of furs and feathers. In every case an appeal is made to a theory of life or of a part of life which is new to most people. But the condemnation of luxury in some form or other is new to nobody and is agreed to by everybody ; and the condemnation of complexity or of particular kinds of food and clothing has nothing to do with the matter. Nor will ordinary people con-

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nect me with luxury or a luxurious life merely because I have half a dozen silk ties, or smoke a pipe, or have arm-chairs and pictures in my house. But if I insist on having a new suit every day ; if I refuse to smoke any but the most expensive cigars ; if I surround myself with innumerable articles of comfort and make them essential to my well-being ; then clearly I am luxurious. And if this element of excess or superfluity is intensified by contrast with want, then the common-sense feeling that something is wrong occurs to us all. Few of us could sit down with equanimity to a City dinner if we had come straight from visiting some of the half-starved widows of East London. Few of us could purchase a fur coat without qualms in the presence of the shivering children of an out-of-work labourer. Here the contrast with others' want magnifies our consumption of good things into luxury, and our enjoyment is more or less marred by a sense of uneasiness. If, however, the contrast is not suggested, it is necessary for the over-abundant consumption to be magnified in some other way before we realise that it is "luxury" of an unreasonable kind. It

may never occur to the saloon passengers on an American liner that their consumption is luxurious, if they have never contrasted it with that of the steerage passengers. But the mere statement of the number of tons of superfluous food eaten, or of so many thousand bottles of wine drunk, will probably strike them as excessive. In the same way we realise that expenditure has exceeded reasonable limits when we read of £10,000 worth of flowers used up at a single ball, or £5000 spent upon a single dinner for a handful of people.

It is this element of excess, then, which turns the harmless consumption of luxuries (that is, of good things which we could do without) into the luxury to which most people attach some blame. But the difficulty at once arises, How are we to determine what is excess and what is not? Upon what does the difference of degree depend? Clearly the answer can only be given by reference to some standard of wants and satisfactions which we are prepared to accept as reasonable, or justifiable, or healthy. But such a standard is of necessity an internal one, which varies according to the character of the individual and of the

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class to which he belongs. It is doubtful whether any two individuals have quite the same standard of what constitutes reasonable satisfaction of wants ; certainly the standard differs greatly according to the grade or class of which they are members. The word luxury, therefore, with its implication either of excessive consumption of goods, or of wrongful satisfaction of desire, has a different connotation, if not for each individual, then certainly for each class or grade. And by the insidious action of use and wont, we all tend to regard as necessary those satisfactions which are demanded or allowed by the established standard of our class, or by our own habitual mode of life ; and this in turn is usually determined by the income at our disposal. Consequently the definition of luxury, and of reasonable consumption, will vary according to our social position and our means. The satisfactions which we and our equals do habitually enjoy are "necessary," with perhaps a few exceptions. If we are driven to admit the superfluousness of any part of them, we are tempted to urge in their defence the excellent paradox of Voltaire, "*Le superflu, chose très nécessaire.*" We refuse to

be branded as luxurious, when we are but living as befits our station and our income, and in the style sanctioned by the opinion of our class. Luxury and luxurious living apply to something other than this ; either to the additional enjoyments of the classes and individuals who habitually spend more than we do, or else to the enjoyments of any class or individual which happen to offend our moral sense as involving self-indulgence or waste, or as being in any way incompatible with a reasonably godly and sober life. In other words, the stigma of luxury is always thrown off on to others ; we do not let it fall upon ourselves, but pass it on, in mere self-defence, to those who are more extravagant or more wicked than ourselves. If we accept at all the connection between luxury and the mere consumption of superfluities, and define the word by reference to that, then we are apt to apply it only to the expenditure of our richer neighbours ; while if we think of the luxury to which moral blame attaches, then we cheerfully throw the blame upon those who are consuming goods or spending money, not necessarily more, but more riotously than we.



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It is this tendency which makes it so very futile to inveigh against luxury in a vague sense. All the excellent preachings on the subject are as ineffective as the equally excellent and equally useless warnings against the love of money or the greed of gain. They may appeal to a few people whose moral sense has already become sensitive ; but for most of us it is a case of "Let the galled jade wince ; our withers are unwrung." And the only jades whom we hope to see wincing are the richer or greedier people whose desires do not happen to wear the same fetters as our own.

But even so we are not free from some amiable inconsistencies in our judgments. On the whole it is true that we regard most of our habitual satisfactions, our uses of the material things of life especially, as necessary, or in accord with a (to us) necessary standard of decent living. Above this comes luxury ; below it, want or deprivation. And each class in this way tends to think of any lower level as something short of a proper life, and of any higher level as something in excess. Life at a much lower level than our own we may call existing rather than

living ; at a much higher level, living extravagantly, wastefully, even self-indulgently.

But this test of excess, this appeal to our own standard of life, is not the only one we apply. We find ourselves very ready to condemn the desires of the people far below us for satisfactions which *we* could hardly go without, but which lie beyond *their* means. When the coal-miner wants a piano for his daughters, or the factory girl insists upon a smart hat, or the domestic servant demands a bicycle, we are apt to blame them for desiring luxury. They should be content, we say, with their sufficiency, with the simple satisfactions within their means—unless, of course, their power of satisfying their wants is at a very low ebb indeed. And the explanation of this inconsistency lies partly in the introduction of a new element into our conception of luxury—namely, a reference to extravagance in the sense of spending beyond our means—and partly in an unconscious return to the economist's definition, which hinges upon some vague standard of actual needs, and of satisfactions without which life could not go on healthily at all. Of these,

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the reference to extravagance has obviously nothing to do with luxury. It creeps into our conception as a result of a confusion of thought which persists because it gives us an additional excuse for throwing the stigma of luxury upon other heads than ours. And the other, the reference to some external standard of luxuries, though both important and pertinent, hardly helps us to make clear what we mean by luxury as something lying beyond a reasonable standard of living. As we found at the outset, it gives us a definition of luxuries rather than of luxury.

We shall find, however, that we are compelled to adopt for our starting-point some external standard by which to fix the limits beyond which luxury begins. Our aim is to trace the social effects of luxury rather than to determine who is to be blamed and who excused. Incidentally we may deal with the individual aspects of luxurious living, or of the self-indulgence which commonly goes with a careless consumption of commodities; for individual decadence is at least an indirect factor in the ill effects of luxury upon society. But to establish the social waste involved in luxurious expenditure generally, we

must be independent of the variations of the internal standard of individuals or classes. Our standard must be an external one in some relation to the real needs of life, and so holding good for all members of the community.

Why not, then, adopt the standard given by Adam Smith? For two reasons: it is too drastic, and it is too variable. Too drastic, because a bare standard of necessities and decencies may satisfy the life-needs of a philosopher, but will exclude many of the comforts and conveniences, and many of the satisfactions, which are not only required by most of us in realising at all a "full" life, but also are or might be within the reach of every one in the nation. And too variable, because such a standard fluctuates with time and place, and depends upon a set of opinions which are never decisive. There is, indeed, such a thing as a necessary standard of physical health and efficiency. But even this is not always the same. All authorities, medical and other, would place it higher to-day than it would have been placed a century ago or less. It varies with the actual possibilities of satisfaction open to the great mass of any population.

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It is not the same for the comparatively rich and extravagant countries of the West as for those of the poor and frugal East, nor for the successful industrial countries such as England and America as for the less prosperous countries such as Spain, Italy, or Russia. Even in England we should not all agree as to the point at which the standard should be fixed. Some would place it at or about the level of satisfactions made possible by an income of 30s. a week for each family; some would draw their "poverty line" lower; some would fix the line of decent living much higher. In Italy half the amount so fixed, in India a quarter, might be considered sufficient, not merely on account of the greater ease of living, but on account of the lower standard of wants and satisfactions to which most of the population is accustomed. And each decade sees an advance in this standard of necessities, as wealth and comfort grow.

There are, however, two ways in which we may arrive at an absolute external standard of luxury. We may take the average income per head or per family of the working classes as a whole—that is, of the wage-earning classes—and

say that all consumption of commodities, or all satisfaction of wants, incompatible with the normal expenditure of such income, is to be considered luxury, regardless of the nature of the commodities consumed. This is one alternative ; and there is much to be said for it. It has indeed already been proposed as the basis of the definition of luxury, which would then include "everything in use beyond the present scope of workmen's average income." And as the average income of the hand-working classes is now about £75 a year or 30s. a week, this definition would compel us to put under the head of luxury everything that cannot be enjoyed by a family living on an income of this amount. On the whole, however, this cannot be taken as a satisfactory standard. Apart from the fact that the average working-class income is very hard to ascertain—even the class of weekly wage-earners is a quite indeterminate one—it is always open to the objection that such income ought to be higher, and might be higher, without any change in the total national wealth. Moreover, to call everything luxury which is beyond the scope of an expenditure of 30s. a week is rather

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straining language. It does not matter so much that the amount must seem ludicrously small to the comparatively small section of the population which may be called well-to-do—whatever standard we take will displease the habitually extravagant classes ; but it is a much more important objection that a very considerable section of the wage-earning classes themselves is accustomed to an income and expenditure well over the limit of the average for the whole body of wage-earners, and therefore to them also the standard will seem unnecessarily low.

There remains the other alternative. This is, to take the average income per head or per family for the whole population, and make that the basis for our definition. And this seems altogether the more reasonable course to adopt. It is, in the first place, much more easy to ascertain than the income of the wage-earning classes alone. It is also a real index to the actual amount of satisfaction which might be within the reach of every one—subject to some modifications to be discussed later—assuming that the national income was evenly distributed ; and it

is therefore the closest approximation we can get to the amount which a universal public opinion would fix in accordance with the limits imposed by the actual resources of the people. Finally, the line so drawn would seem an eminently satisfactory one to the great bulk of the population, though to the rich it must still appear far too low. For according to the most recent estimates, the average income per head for the whole population is about £40 a year, or £200 per family—a sum certainly in excess of the incomes of the families of more than three-fourths of the people, though not in excess of the standard which the most intelligent hand-workers would consider reasonable.

This, then, we will take as the basis of our definition of luxury, which may now be stated as follows: All consumption of goods and use of services, or all satisfaction of wants, which involves an expenditure normally incompatible with life on an income of £200 per family per annum, this being the average income of the whole population of England at the present time.

One or two words must be added both as an



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explanation and as a caution. First, the definition is plainly intended to connect luxury with the actual amount of the consumption of commodities, and therefore usually with the amount of money spent, and not at all with the character or quality of the goods consumed. How far the latter difference has to be taken into account will be considered later. Clearly, however, it may be of the utmost importance. We shall find that some modes of expenditure which, by the terms of our definition, fall under the category of luxury, are very much better both for the consumers and others than other modes which are often indulged in by quite poor people. A man, for instance, with an income of £1000 a year, which is spent in large part on the education of his family, is not likely to incur as much blame, even from the most vigorous haters of luxury, as a man who, with an income of a pound a week, neglects his family and spends most of his income on drink. But then it will be noted that, while we are obliged to apply the term "luxurious" (in the sense in which we have defined it) to a great part of the former's consumption of goods, our definition does not by any means ex-

clude the smaller but much more reprehensible consumption of "goods" by the latter. The fact that any excessive consumption of drink is incompatible with the normal expenditure of an income of £200 a year brings the hard drinker's expenditure upon liquor under the head of luxury, even though his income is only a fraction of the sum taken as our standard.

In the second place, it must be borne in mind that our definition carries with it no sort of moral condemnation of luxury. That would be to beg the question we have set out to answer. It is true that we have assumed some connection between the moral and the economic meanings of the word; but, at this stage, this is only an assumption. How far consumption of goods in excess of our standard is right or wrong; how far any moral value attaches to this or that kind of consumption: these and other questions suggested in our preliminary analysis of current opinions will be fully discussed in later chapters. Hitherto we have merely followed common usage, which undoubtedly attaches some moral meaning to the word, and throws some blame—very slight, it may be—on most forms of luxury.

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But our definition does not commit us to any opinion at all as to the right or wrong of any given amount of expenditure, or expenditure on any particular kind of goods. It merely fixes a limit beyond which all expenditure may be considered luxurious, and therefore subject to scrutiny, and calling for some further justification than is afforded by the plea that the goods consumed are necessary to our well-being or our way of life.

NOTE.—It is convenient to use the term “goods” in the wide sense which includes all the means of satisfaction which can be purchased. In this sense it includes services rendered by persons, as well as material things. But, as this wide meaning is not familiar to every one, I have thought it advisable often to speak of “goods and services”; and when both terms are used together, “goods” is intended to refer only to material purchasable things.

I have as far as possible avoided the term “commodities,” since this is usually restricted to a narrower meaning which does not include all purchasable things; it also connotes goods in relation to the market (or buying and selling), rather than goods in relation to the satisfaction of wants (or actual consumption).

## CHAPTER II

The psychological argument against luxury—Luxurious expenditure considered in relation to actual and possible amounts of satisfaction.

OF the three departments of Economics, namely, Production, Distribution, and Consumption, the last named, with which we are specially concerned, has obviously a psychological as well as an economic aspect. And it is easy enough to differentiate the two, verbally, at least, though never actually. By translating the phrase "consumption of commodities"—the external fact—into "satisfaction of wants"—the internal counterpart of that fact—we pass at once from the point of view of the pure economist to that of the psychologist, and, to some extent, of the moralist. To the latter, the relation of commodities to one another or to the total amount of goods available is of no particular interest; what does interest him is the satisfaction of wants which all consumption

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implies, and the relation of our various wants and satisfactions to one another, and to the total amount of satisfaction obtainable by us or by the community. The two aspects are of course only different ways of looking at the same facts. All consumption of goods or use of services is relative to our wants or desires, and has a meaning only in so far as it is intended to satisfy some want or desire.<sup>1</sup>

Now it is clear that many of our wants and satisfactions are independent of goods or com-

<sup>1</sup> The words "needs," "wants," and "desires" are commonly used with much vagueness. In common usage "needs" have a fairly definite reference to things which we cannot do without. "Desires" apply to everything which we wish to have or enjoy, whether necessary or not, but often with some implication of blame attached, in consequence of the fact that desire is often regarded as a thing to be overcome. While "wants" refer also to all objects of desire, not with any implication of blame, but with a slight implication that if the want is not satisfied there will be some real deprivation.

On the whole it is better to use the word "wants," as economists usually do, as the most general term, which can be applied to all objects of desire without implying anything beyond the fact that they are desired. The word "desire" is more generally used in this sense by the psychologist; and we may sometimes use it as an alternative to "wants," of course also without in the least implying that the thing desired or the desire for it is either good or bad.

modities in the economic sense. The satisfaction of the want of air to breathe is a stock instance of these ; we might instance, too, many mental and spiritual wants. The Athenians, who were for ever running after some new thing, needed no economic good to satisfy that particular desire ; nor is any needed by the saint or holy man whose chief desire is for communion with the divine. That is to say, the thing desired may be unlimited in amount, like air, or, like good news and godliness, may by its nature be quite removed from the sphere of economic values, of things which can be bought and sold. But every satisfaction of a want which involves the using up of any economic good, whether this be a commodity or a service, a loaf of bread or a guinea's worth of medical advice, belongs to a different category. It can only be obtained at the expense of some other satisfaction, either on our part or on that of other people. And this is because all economic goods are limited in amount ; there is a limit to the supply of each good, and to the total sum of goods available at any given time ; and though the amount of any one good may be increased,

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almost indefinitely in some cases, this increase cannot take place to any great extent except at the expense of some other goods, since all require for their production some amount of that limited thing, labour.<sup>1</sup>

This limitation of material goods necessitates choice between one satisfaction and another—on the part of all of us, at least, whose incomes are limited. And in choosing one satisfaction we always forego some other. We may be unconscious both of the choice and of the fact that we are foregoing something else ; we get our food, for example, without any weighing of the satisfaction of our hunger against other possible satisfactions ; and if we are rich, we may never be conscious of any limitations worth noticing. But even so, for the rich as for the poor, this satisfaction of our hunger is obtained at the cost

<sup>1</sup> It is of course true that an enormous increase in the supply of many goods may take place in consequence of inventions or improvements of process, without any corresponding equivalent in the increase of labour. But this does not affect the limitation of goods at a given moment, nor can such increase ever be unlimited or instantaneous. It may be great and rapid ; but that does not affect the argument, though it is most important in its bearing on the whole question.

of some other desire. Every shilling's worth of bread enjoyed by the rich man, as by the poor man, represents an exact equivalent—a shilling's worth, that is—of something else gone without, or of some other want unsatisfied. It may be a very trifling want unsatisfied in the case of the rich man—nothing more than the minutest fraction of some little satisfaction which he foregoes ; but, unless he simply cannot spend his income, it does always amount to something. In the case of the very poor man it may mean a very big want unsatisfied. He may be going without coals in winter in order to get his bread ; and therefore *his* shilling's worth of satisfaction is at the expense of a very big unsatisfaction. It follows that most of us, in all our expenditure, are compelled to exercise constant selection, choosing first the satisfactions which our most urgent wants demand, and then passing to others which are less urgent. And the basis of our selection is, of course, the comparative urgency of our wants or desires, and the comparative intensity of the satisfactions needed for them. And for every individual there is, at at any given time, a definite order of urgency



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among his wants—a kind of hierarchy of desires ; and the most urgent are always, normally, satisfied first. This order is not the same, of course, for all individuals, nor even for the same individual at different periods. It changes with our growth, and with changes in our interests, which alter the order of importance of our desires. There is, however, a very considerable amount of sameness in the relative urgency of wants in all of us at all times. The want of what are called “prime necessities” stands first for almost all of us ; our physical similarity ensures that ; and in regard to other objects of desire there is enough like-mindedness among all normal people to produce much the same order of wants and much the same order of habitual satisfactions. Everybody wants food and drink first of all ; then clothing, shelter, and warmth ; then better or pleasanter food and amusements ; then ornaments and trimmings and many things which gratify the desires of vanity or the love of display ; then the satisfaction of all sorts of interests—sporting, artistic, intellectual ; and so on. And this may be called the normal order of wants or desires.

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Now this order of urgency among our wants determines for each of us the relative importance of all satisfactions—what we may call, in a real sense, the value or the worth of the various objects which we desire. But this is a very different thing from the value of the objects in the economic sense—that is, as measured by the amount of money we give for them. And for two reasons. First, many of the most urgent wants are soon satisfied ; the “saturation point” of desire is soon reached, as we say. And the objects needed to satisfy these wants are often plentiful enough to afford satisfaction for all of us, or nearly all of us, up to this saturation point ; they are therefore cheap. Food and the desire for food are examples of this class ; we *must* have food—no other want is so urgent ; but we cannot do with more than a limited amount of it ; and as the supply of ordinary food is plentiful, its cost does not in the least represent its true worth to us.<sup>1</sup>

<sup>1</sup> It may be objected that the desire for food and clothing is not really limited at all, in the way suggested. Many rich women never satisfy their want of clothes—there is always something a little better or finer to be got ; and the millionaire, if he be an epicure, falls back upon his food-desire to furnish some of his most extravagant satisfactions. This is true enough ;

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But many of the less urgent wants are never satisfied at all : they have no saturation point. A collector's want of rare curios, for instance, or a vain woman's want of jewellery, might be added to the four things which Solomon asserted were never satisfied. And as the supply of the objects needed for the satisfaction of this class of wants is quite limited, their cost tends to be high. In this way it is often true that the value of goods in the economic sense is in inverse ratio to their value in the more real sense which depends upon the urgency of our wants and the vital importance of their satisfactions for us.

In the second place, the economist measures the value of things in money, or the price which may be given for them. This depends solely upon the relation existing between the supply of the thing and the demand for it; and, like value,

but the confusion is due to the looseness of our language. The desire for food and clothing, *as such*, is quite limited. It ceases when we have eaten enough for our vitality, and wear enough for our warmth. The desires for *rare* food and *fine* clothes are altogether different things. The clothes of a vain woman are not clothes at all in the strict sense ; they are ornaments or trimmings, worn to satisfy the desire not for clothing, but for display. And the food of the epicure is not food, but delicacies, intended to satisfy, not hunger, but greed.

the word "demand" has in economics an artificial meaning. It has no reference to the intensity of the want of a thing on the part of the majority of people, but only to the want of it on the part of the people who have money to spare for it. Starving people who are also penniless make no demand for bread in the economic sense of the word ; *that* involves always power to purchase as well as desire to obtain ; and if we wish to avoid confusion, we shall do well to substitute for "demand," whenever the word occurs, the phrase "will and ability to purchase," just as we shall substitute for value either cost, or price, or money equivalent.

Returning to what I have called the hierarchy of our wants—the order of their urgency and importance, and of the magnitude or worth of the satisfactions which they require—we have seen that this determines the order of our selection of goods—the order, that is, in which (if we made a clean sweep of all the goods we now possess) we should lay out our money. First the most urgent wants would be satisfied—we should begin by buying food ; then the somewhat less urgent—probably clothes would come

next ; and so on. And if we had a good deal of money to spend, our last outlay would be upon things which we could quite well do without—upon satisfying our fancies or whims, perhaps, rather than our needs. At the same time, the *amount* of money we actually expend upon goods does not in the least give an index to this order of urgency. It is not the amount of money which we give for a thing, but the amount which we would be ready to give for it if we were obliged to, which would agree with the order of importance of our wants ; not the twopence which we now give for a loaf, but the twenty pounds which we would give for it at a time of famine.

This is what is meant by the principle of the “diminishing returns of satisfaction” of our wants. The first penny or shilling or pound we have to spend will go always to satisfy our most urgent want, and consequently may be said to bring in a very great amount of satisfaction ; the next penny or shilling or pound goes to satisfy a want less urgent, and so brings in a proportionately smaller satisfaction ; the expenditure of our thousandth penny or pound brings in a still

smaller satisfaction ; and so on. If our income is very large, the satisfaction obtained by the expenditure of the last pound of it is often quite trifling, or even a negligible quantity. A millionaire may have spent it upon something which is of no value whatever to him—say upon a very few extra flowers to decorate his house for a ball, the absence of which would hardly be noticed. If, on the other hand, our income is very small, the expenditure of our last pound will mean a very decided increase of satisfaction. It may mean the difference between health and sickness, or comfort and great discomfort, for some considerable time. A poor widow, spending the twelfth and last shilling of her weekly income, has perhaps to choose between the purchase of enough food and the purchase of enough coals ; what she buys is vital to her. Add to her income one or two of the negligible shillings of the millionaire, and her lassitude and anæmia or that of her children may be changed to cheerfulness and physical efficiency.

The bearing of all this upon the question of luxury is easily seen. Somewhere in the expenditure of many of us a point is reached beyond

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which the satisfaction of wants resulting from the spending of our money is rather trifling by comparison with the satisfaction which might be obtained by the use of the same amount of money by some one much poorer than ourselves. So far, at any rate, there is a reason for the instinctive repugnance which most of us feel to eating strawberries in March, when we know that many people are short of food or of warmth.

Further, by the terms of our definition we class as "luxurious" all those consumptions of goods or satisfactions of wants which involve an expenditure incompatible with the normal outlay of the average income of the whole community. If then it is true—and it is certainly true, with some reservations, at any given time—that the total amount of goods available for the satisfaction of wants is definitely limited, it follows that all luxury or expenditure upon luxury on the part of any one involves a corresponding deprivation on the part of some one else—or rather, not an equal, but a *greater* loss of satisfaction for some one else, since by the law of the diminishing returns of satisfaction, the satisfaction obtained by our luxury is less than the satisfaction

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which might have been obtained by an equal expenditure on the part of a poorer man. In other words, it would seem that all satisfaction obtained from luxury is at the expense of greater *dissatisfaction* somewhere else in the community.

If this were literally true, the case against luxury might here be closed. But happily for most of us, this is only true with many modifications, some of which may be pointed out at once. In the first place, the deduction tacitly assumes the proposition that the greatest amount of satisfaction of wants for the community generally could and would be obtained by equality of income; and this is emphatically not the case at present. For a very large portion of the population, owing to defects of nature or of education or of environment, the wants which most press for satisfaction are of a kind which we may call either unprogressive or else dangerous. Such wants form only a limited cycle of desires; and additional opportunities of satisfaction would lead less to the satisfaction of new wants than to the over-satisfaction of existing ones. And in that case, the result would be an increase of satisfaction



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in a technical sense, indeed, but no increase of satisfactoriness. There would be a loss of good, not a gain. This is obviously so when a confirmed drunkard gets more money to spend; it is almost equally so if any considerable addition is made to the income of the rather numerous class of people whose most urgent wants it would be useless or worse than useless to satisfy.<sup>1</sup>

At the same time it *is* true that *greater* equality of income would mean greater total satisfaction; and for this reason. What we may call the elementary wants are of approximately the same urgency for us all. Although, as we saw in the first chapter, it is impossible to agree upon a strict limit of "necessaries," all of us whose natures are not distorted by some morbid desires, such as the craving for drink, would

<sup>1</sup> I am aware that this class includes many rich people, and have no wish to imply that the poor have the monopoly of "not knowing how to spend their money." Nor do I accept the position that most of the poorer members of the community do not quite know what they want, and would not be able to spend a considerable additional income wisely and well. But I do maintain that if there were *now* an indiscriminate levelling up of their incomes to the national average, the result would be an enormous amount of waste.

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agree as to the order of our wants up to a point higher than is reached by the present satisfactions of a great mass of the population. There is a very general feeling that a minimum wage or a poverty line ought to be fixed higher than the level at which many decent citizens habitually live—however we may differ as to the way in which such a wage should be obtained, or such a line enforced. Up to this level, at least, we should all agree that wants ought to be satisfied. And so long as they are not satisfied for any sober and respectable members of our society, so long it must be maintained that the satisfaction of “casual” or unimportant wants by the rich is obtained at the expense of part of the possible satisfaction of the more urgent and more reasonable wants of a section of the community. So far, at least, expenditure upon luxury is wasteful in a real sense. It wastes possible satisfaction.

There is another point of view from which the psychologist may consider the effects of luxury. Still keeping to the question of desires, and the satisfactions upon which the happiness

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of the members of society depends, we may ask in what way the luxury of the rich affects, not the satisfaction of existing wants, but the creation of new ones. The answer to this turns on the effect of example, a factor now recognised as one of the most important, if not *the* most important, in social life. Briefly stated, the law of example is this : every part of our conduct, so far as noticed by others, has some effect upon them, consciously or unconsciously, through the influence, for the most part, of suggestion. It suggests a possible course of action to them. But the influence may make itself felt in two ways : our conduct may either appeal to other people as something worth imitating, or repel them as something to be avoided. Whether it will attract or repel, will be imitated or avoided, depends very much more upon their estimate of *us* than upon their estimate of the conduct considered in itself. If for any reason we possess any kind of prestige in the eyes of others, our conduct will so far tend to be imitated by them. If we do not possess any prestige, then, though our conduct may be well worthy of imitation, it will probably not be imitated. Generally speak-

ing, prestige of any sort produces imitation, and the want of it, opposition. And this is the main reason why, almost universally, example in social life works from above downwards. The conduct of any upper class, whether the superiority is due to worth or to wealth, carries with it some prestige in the eyes of all "lower" classes; and its example tends so far to be imitated. Members of these "lower" classes may have strong opinions about the vices or immoralities of sections of the upper classes; but this will seldom prevent them from imitating, unconsciously perhaps, a great part of the standards and actions of the class condemned. Tradition, custom, the established social code, all combine to fortify the prestige of position and wealth; the possible corruption of some rich and powerful people does not seriously weaken it.

It is to be noted also that the effect of the example of the "upper" classes is important just in proportion to their proximity to the "lower" classes, proximity implying simply the degree of ease with which ideas, standards, fashions, etc., are allowed to flow from one class to another. Where there are strict dividing

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lines between classes, as in the caste system of the East or the almost equally strong territorial class system of England a few centuries ago, there is little permeation of standards or fashions; but where the dividing lines are vague or faint, as is the case to-day, and as must always be the case in a plutocracy, the ideas, standards, and fashions all find their way rapidly downwards.

All this is obvious enough; but I am afraid the argument demands that we should often insist upon the obvious at the risk of being tedious. Taken in details, the consequences of this principle of imitation are not always clear; it is seldom possible to say with certainty that this or that practice is the result of imitation and imitation only. Some points, however, stand out clearly enough. There is first the disagreeable fact that conscious dissatisfaction is, in almost all classes, greater now than it has ever been. How this can be so, side by side with unparalleled prosperity and far greater command over the means of satisfaction, is a puzzle which is best explained by the pertinent remark of a Boston sea captain: "My father wanted ten things and only got five; I want forty, and

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though I can get ten, I think myself several times worse off than he did." In other words, as each class develops new wants and obtains new satisfactions, these at once become suggestions of new objects of desire to the members of poorer classes who can *not* obtain them, or can only do so at the expense of some other—perhaps more salutary—want. There is a good side to this, no doubt. It is the incentive to progress, of a sort, since effort follows on the heels of desire ; and it may lead to the opening of new enjoyments, and so far to the possibility of a fuller life, for many people. But even when the new object of desire suggested is harmless or good—say the possession of a bicycle, or of smarter clothes, or of more varied food—it may be satisfied at the cost of some much more vital satisfaction. This certainly happens, for instance, when the errand boy overtaxes his resources by getting a bicycle, which he cannot afford, on the hire system ; when the working girl goes without sufficient underclothing in order to make her appearance smart ; or when both add fried fish and innumerable sweets to their diet to the exclusion of more wholesome food. And this result must

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always appear, as the new wants filter down the social scale. It is of the essence of a new desire to be imperious in its demands, and no one is quite proof against the attractions of a novelty which evidently gives pleasure to other people.

One touch of nature makes the whole world kin,  
That all with one consent praise new-born gawds . . .  
And give to dust that is a little gilt  
More laud than gilt o'er dusted.

Moreover, it is by no means always the case that the "new-born gawds" are harmless. The spread of fashion carries downwards both vices and wasteful indulgences. The outburst of gambling among the rich in the early part of the eighteenth century led to equally ruinous gambling among their inferiors ; but *then* the only inferiors much affected by the example were the servants and retainers who were in close proximity to their masters or mistresses, whereas now there is no limit to the classes affected. Every poor man is near enough to the rich to feel the contagion of his example ; there is no longer any unwritten law which defines the suitable enjoyments of each class. And though gambling may not be in itself a luxury at all in

the strict sense of the word, it is a very persistent concomitant to the unsatisfied desire for luxury.

But the spread of dissatisfactions through the down-flowing stream of imitation of luxury is even more pronounced in another group of wants. It has been well shown that one almost universal characteristic of the possession and expenditure of wealth is "conspicuous waste"—that is, an expenditure of which the chief object is to demonstrate the fact that the spender can really afford to live in style or throw money away. This "conspicuous waste" is reflected in the expenditure of every class except the very poorest—reflected certainly in the habitual expenditure of any class in which the bogey of respectability or conventionality counts for anything. And it explains why so many members of the classes above that of the ordinary wage-earners are, as we say, really worse off and more to be pitied. They must, or think they must, "keep up appearances." The imbecility of the imitation of "conspicuously wasteful expenditure" is shown in different ways in different classes. In the artisan class, by the pitiable un-



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essential parlour which respectability demands ; in the clerk class, there is added to this the black coat and "white" shirt—originally worn with the sole object of showing that the wearer was above the necessity of working at all, and now pathetically clung to by those for whom dust and ink are the inseparable work-mates ; and in the middle classes generally by the complicated paraphernalia of senseless lumber and litter in their houses or on their persons which are enjoined by the sacred duty of display.

It is a waste of substance, all this, of which it is hard to estimate the amount. Of course it would be absurd to press the argument too far. The blame for the stupid waste which follows from the slavery to conventional expenditure on the part of the poor or the moderately well-to-do is not all to be laid at the rich man's door. There will always be some senseless conventions in dress, ornament, and style of living which the majority cling to, in spite of the fact that they get no other satisfaction from the outlay than the poor gratification of the desire to be in the fashion or to outshine their neighbours. But there is no doubt that all such expenditure—which, be it

noted, constantly tends to rise—reflects in some degree the conspicuous waste of the rich, and varies in amount with it. And any lessening of the expenditure by the latter on mere display, any return to a more vital simplicity, is undoubtedly followed by a similar lessening of the wasteful expenditure all along the line throughout the various grades of society which take their standard “from above.”

We may say then without exaggeration that the indulgences of the rich are often the cause of the dissatisfactions of the poor, due to some extent to the constant tendency of the latter to imitate any example which is backed by social prestige ; and this effect may be traced both in the multiplication of wants which cannot be satisfied, in the spread of desires which are dangerous, or at least unsuitable to people in poorer stations, and in the conventional expenditure which follows afar off the conspicuous waste of the rich.

## CHAPTER III

The economic argument—Luxury considered in relation to wealth, trade, and work.

**T**HE usual economic argument against luxury may be stated in outline as follows. All consumption means the destruction of goods—not merely using them, but using them up. But in some cases the consumption is, as it were, the death which must precede new life ; in others it is a death which leads to no new forms of life. In the former cases the consumption is productive : that is, it destroys goods with the direct intention and consequence of producing more goods. In the latter, it is unproductive, because it destroys without creating anything new. (Pleasure or satisfaction may of course accompany the consumption ; but this is not a new economic good produced.)

One or two simple examples will make the distinction clear. Corn given to a cart-horse is consumed, destroyed. But in the process it is

turned into work-power which will be used the next day to pull the plough or cart, and will thus reappear in the harvest or in other marketable goods. The food, clothes, and house of the labourer are all consumed—destroyed ; but so far as they are necessary to his life as a worker, they all enter into the goods he produces as an integral part of their worth. They lead to new production : they are consumed productively. The steel used in making an engine, the coal used in working it, are consumed—destroyed ; but always productively, if the engine is used to turn out goods of any sort, or to help, as a locomotive does, in bringing them to market. So too all capital, which we invest wisely in a new enterprise, is consumed productively, because it is converted into the material or mechanism on which further production depends. But if we spend on our enjoyments simply, we are consuming unproductively. And as the economist is chiefly interested in the making and increasing of wealth (that is, of new goods), he naturally recommends us to have as little as possible to do with unproductive consumption or expenditure, and to use our wealth productively, saving rather

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than spending, turning goods to productive uses, not to the unproductive "waste" attaching to all expenditure which simply satisfies our desires. To this latter class all luxury belongs ; it is therefore "bad for trade" in the sense that it does not increase production.

But unfortunately this part of the argument goes too far. In the first place, it commits us to an apparent condemnation of luxury in a sense much narrower than our definition gave to the word. We may, no doubt, plead that a little comfort or convenience is necessary to our continued efficiency as workers or producers, and so may be consumed productively ; but unless we juggle with our consciences this will carry us only a very short way. And secondly, if pressed home, the argument lands us in an absurdity. We are to devote all, or nearly all, our surplus wealth to the production of new wealth, to the creation of new goods of some sort ; but if we all do so, most of these new goods will never be consumed at all. There will be an endless and increasing production of goods to be consumed—with nobody to consume them. For, in any but a very primitive state of society, most pro-

duction consists of goods which are not necessities, but superfluities ; not things which are necessary to the worker's life, but things which are wanted just because they give enjoyment and increase the amenities of life. In other words, we should end by choking our country with capital (that is, with the means and machinery of production), which would for ever be turning out a glut of goods which we should all be too (economically) conscientious to enjoy.

Clearly there is something wrong here. Increased capital, increased work-power, increased wealth, are all good, but their end is not *more* capital, *more* work-power, *more* wealth, but the satisfactions of our wants to which these are relative. If we produce, we must also enjoy. The economist has drawn the line too tight. Much of the expenditure which he deprecates as unproductive is really the expenditure on which production depends, and without which most production would be simply senseless. We produce in order to consume ; that is the final end. If we also consume in order to produce, it is only as a means to the same ultimate end.

The contradiction which is implicit in the

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argument of the economist appears to be due to two things : first, to the stringency of his definition of luxury ; and secondly, to the rather misleading use of the terms productive and unproductive.

As to the former, it is the old mistake of trying to define luxury by reference to some assumed standard of strict necessities. This has been dealt with in the first chapter ; here it is only necessary to point out that our definition escapes the *impasse* of the economist by permitting any amount of increase of consumption—of mere enjoyment of goods—which we shall never term “luxurious,” provided only it is not too unequally distributed, and does not exceed the increase of the national dividend.

As to the latter, we shall find it essential to give a much more careful account of the words “unproductive” and “wasteful.” And here the economist can undoubtedly help us. Though he has so far failed to give us a sound reason for always preferring productive to unproductive consumption, he has at least given us the clue to the reason why |most, if not all, extravagant expenditure is a waste of wealth, and a waste

of the resources both of trade (or production) and of possible consumption.

The analogy by which he enforces his conclusion is true too; a vast amount of the consumption of luxuries means the destruction of goods without much result of any kind (in the way of satisfactions which are "worth while," as defined in the last chapter); and it is therefore no more good for the wealth of the country or for trade than any other kind of waste. If—to take an extreme but stock example—I break all the windows in my house, it may give me some idiotic pleasure, and it is good for trade just in the single sense that it gives additional work to the glazier; but the glazier ought to be, *and might be*, better employed than in mending windows which ought not to have been broken.

Exactly the same may be said of the labour of the builders consumed in building a mansion for a rich man who already has more houses than he can live in, or the labour of the tailor who makes clothes for the rich man which he can seldom or perhaps never wear. And this is the pith of the economic argument which is of value. Luxurious expenditure is often wasteful, not because it is



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unproductive of further means of production, but because it is unproductive of anything whatever worth the effort of producing the goods consumed. It all turns on the relative amount of satisfaction gained by the consumption ; that alone is the true test of waste. The word "unproductive," then, we will not use in the economic sense of "unproductive of more wealth," but in the sense of "unproductive of satisfaction proportionate to the outlay." And the analysis given in the last chapter enables us to give some sort of meaning to relative or proportionate amount of satisfaction. Though we cannot yet say at what point in our expenditure satisfaction becomes too small to justify the outlay, we can say that at *some* point it ceases to be worth it by comparison with the much greater satisfaction which could be obtained for a similar outlay by poorer people.

Let us now, for the sake of simplicity in the argument, suppose that this point is reached when I have spent £1000 of income on myself. Then the next pound spent we shall call wasteful. But with what meaning in relation to the sum of wealth or the resources of trade ? Wasteful of

possible satisfaction for others is one meaning which we have already arrived at by applying the principle of the diminishing returns of satisfaction of wants ; but this waste has another and more definitely economic meaning. Waste of satisfaction is the final effect ; but there is also involved a waste of the productive power by which material satisfactions are obtained—a waste, that is, both of goods *and* of the means of production ; and therefore also, contrary to common opinion, a waste of the means and powers at the disposal of all producers, traders, manufacturers, and workmen alike.

To make this part of the argument clear, we must examine rather carefully the meaning of the common economic terms we have been using, and in this way bring out the deeper significance that underlies all use of money or wealth. It will be seen that the most important terms—wealth, money, and expenditure—have each a double meaning, one in relation to the satisfactions obtained by them, the other in relation to the process by which satisfactions are obtained ; that is to say, one meaning in relation to the final end of consumption, the other in relation to the

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whole process of production which is the means to this end. And, for the sake of clearness, we will give the two meanings in this order in each case.

We may define *wealth* as—

1. All goods and services which we can obtain by money for the satisfaction of our desires.
2. All goods and services which we can obtain by money for the purpose of producing further goods.<sup>1</sup>

We may define *money* as—

1. The possession of claims on existing goods and services which we want for our satisfactions.
2. The possession of claims on existing goods and services which we want for the production of further goods.

<sup>1</sup> The term “goods” has already been defined on p. 18. The term “services” includes every kind of labour or work which can be purchased by payment of a wage or a salary or a fee or any other form of value given. It includes, therefore, not only the labour of the workman who uses his hands, but also that of every man or woman who uses brain or talents in return for a payment. Thus it includes the “labour” of the doctor who prescribes for us, of the actor who amuses us, of the artist who paints a picture for us, of the policeman or magistrate who protects us, and of the Prime Minister who helps to govern us,

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We may define *expenditure* or *outlay of money*, in the widest sense,<sup>1</sup> as—

1. Exercising our claims by calling in and using up the goods and services wanted for our satisfactions.

2. Exercising our claims by calling in and

<sup>1</sup> Quite accurately, we cannot define “expenditure” except as a transfer of claims. The common use of the term includes such “expenditure” as that of the gambler when he pays his betting debts; and in this there is no consumption or using up of goods or services at all. And a great part of the expenditure of the rich is a mere transfer of claims without any corresponding consumption—as, for instance, when they are induced to pay purely fancy prices for anything.

In the former case it may be doubted whether the word “expenditure” ought to be applied at all. In the latter, it is at any rate *supposed* that value is received for the money spent and the spender imagines that he is getting a return in the shape of goods or services of some kind—and is therefore consuming them in the sense we have defined. How far he really does so is discussed fully later.

Some writers have objected to including productive consumption under the head of consumption at all; but the wider use of the term seems to be not only justified by common usage, but also by the facts of the case. Expenditure for the purpose of further production does always involve the using up of both goods and services. And though the economic distinction of “production goods” from “consumption goods” is valuable, it is both legitimate and necessary for the sake of clearness to emphasise the fact that both are consumed, by including both under the single head of consumption.

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using up, or obtaining the control of, goods and services wanted for the production of further goods.

(To the former meaning we usually apply the term "spending," and to the latter the term "laying out of capital," or "investing.")

And, finally, we may define *goods and services*, whether regarded as direct means of satisfaction, or as means of the production of further goods, as—

The results of labour and of natural forces embodied in things, and the powers of labour embodied in persons.

NOTE.—Labour is the most important element in most goods, and enters into all; and so far it is true that all material wealth is produced by labour, or *is* labour embodied in things, as the socialists are fond of saying. But at every step the co-operation of natural forces is necessary to labour, and sometimes, as in the case of the production of coal or diamonds, does the enormously greater part of the work. And the ownership of these natural forces, and therefore of the raw material they produce (in the hands of mine-owners, landlords, etc.), complicates the matter and brings into the value of goods an element which has nothing to do with labour. Also the rarity of some products of natural forces accounts for almost all their value: only a fraction of the value of a diamond depends on the labour expended in finding or cutting it. And this difference is of importance when we come to consider the effects of the consumption of different kinds of goods.

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We are now in a position to see what is actually involved in all spending of money, in all consumption of goods and services, or of wealth.

There is, first, a using up of labour-power or nature-power, or both, or of the products of both. I cannot eat a piece of bread, or wear a coat, or call in a doctor, or use a steam yacht or a grouse moor, or equip a factory, without using up some definite portion of the labour-power and nature-power at the service of my community, or some definite portion of the produce of these two forces. Now this fact in itself carries no condemnation with it ; on the contrary, our life requires that we should all of us use up part of the nature-power and labour-power of our country or our world. Labour-power is indeed life-power, and deserves respect as such ; but we all live more or less upon one another's lives, as well as upon nature's life. And both powers exist to be used ; and if rightly used, are never lost. The most perfect form of social life—harmoniously balanced co-operation—would involve the constant consumption by each of part of the labour-power or life-power of others, and of nature-power by all. But in such a state

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there would always be a definite balance in the account ; each would give as well as take. The consumption, however, or using up of labour-power acquires a different character when there is no real balance in the way of giving back as well as taking. Whether millionaire or pauper, the man who lives upon other people's life-power, without giving life or labour in return, is a waster—literally so, in the sense of being a drone in the hive. The millionaire may be making a return for what he uses—whether he can ever make an equal return is another matter—but the idle rich, who make no return of labour or of life, are in the same category as the idle poor. Their defence, that they give value for what they consume, by giving money for it, which the idle poor do not, is of no avail whatever, unless that money is a direct payment for their labour, present or past, and measures the value of it to others. The possession of claims which a rich man is allowed by the present state of law and society to hold and use may be obtained as a reward of past or present services, putting on one side the question of overpayment ; but claims obtained by inheritance, by

speculation, or as unearned dividends on investments, cannot usually be brought under that head.<sup>1</sup> And the fact that the law supports the validity of his claims does not make the holder of such claims a benefit to society ; nor does the fact that he is good enough to use them for his own satisfaction make him a benefactor. But of this latter point more will be said later.

Again, if the consumption or use of labour-power is excessive, that too is harmful, or wasteful. Using up labour-power in excess, or using it up senselessly—both of which imply a consumption which results in less satisfaction than the labour consumed might otherwise be expected to afford—means a destruction of labour-power which might be turned to better account. It is futile to plead that, if not used by me to mend the windows which my whim prompted me to break, to build the little-used houses which my pride demands, or to make the superfluous clothes which my vanity requires for its satisfaction, the labour-power of the glazier, builder, or tailor would not be used at all, and so would rot in idleness. So it might—at the

<sup>1</sup> See Appendix II.



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present moment, and in the present organisation of society and industry ; but that merely reflects discredit on the latter ; it gives *me* no title to praise. To maintain that *my* use of the materials or labour—wasted though they may be—is the only one possible ; that no better use can be devised which shall result in truer and fuller satisfaction than the gratification of my whims or vanities ; surely this is the sorriest sophistry. So might the drones argue concerning the labour of the bees which they waste. But when the drones are driven out, the labour of the workers is turned at once, in the new economy of the hive, to better uses—more vital, certainly, to the welfare of the hive and of its future inmates. The glass and the bricks and the cloth—the materials for labour to use—are in existence ready to be used ; ready, too, the labour-power of the glaziers, the builders, and the tailors, waiting to be put to some use, better or worse. Are we to maintain that it is impossible for them to be used where they are undeniably wanted, in mending the windows of houses whose owners are too poor to repair the damage caused by accidents, in building cottages for people who are

not decently housed, in making clothes for men or women or children who sometimes shiver because of the cold? We do not mean that. We know that such a result is possible—given some rearrangement, some better organisation. What we mean is that we either dread the rearrangement, or honestly fail to see how it is to be brought about.

This honest failure to discover a better way is perhaps excusable. It describes the position of many excellent people who now feel a little uneasy about part of their expenditure. Things are clearly not as they should be: a dinner at two guineas a head or strawberries in the winter do not quite harmonise with the "distress of the unemployed" or of the poor. But what would you? There is no other way. The economic mills grind harshly as well as slowly; and, like other good people in the days when factory children were being worked to death, we think they are the mills of God.

To the question of possible alteration or rearrangement we shall return later. For our present purpose it is enough to bring out prominently the fact of waste of labour or life-power,

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and of the material available for consumption or production, which excessive expenditure entails.

It may be well, before passing on, to give a rough estimate of the amount of life which is thus used up by the rich spenders of money in this country. How much of it is consumed in excess, or wasted, we are not yet in a position to say. That is a matter which will be considered later.

The total income of the nation is valued in money at about seventeen hundred million pounds.<sup>1</sup> Nearly, though not quite, the whole of this income (which consists, of course, of goods and services available for consumption) is produced each year by the labour of all the workers in the country. Of this total income a little less than half is spent or consumed by the rich, who number only some five millions, or one-eighth of the population. In other words, nearly half the produce of the labour of the whole community is consumed by one-eighth of the community; and the five million rich

<sup>1</sup> I am taking the latest estimate of the national income and its distribution, as given in Mr. Chiozza Money's *Riches and Poverty*. Mr. Money has been accused of exaggeration; but economists have not seriously impugned the figures I have used in the text.

people, who form this fraction of the population, are living, not upon their own lives only, but upon the lives of, let us say, one-third of the nation besides. This using up of life is even more disproportionate than these figures show. Let us allow that the rich spend part of their income on necessities, and also invest part, or spend it productively. We shall still be well within the mark if we say that three-quarters of their income is spent on luxuries, whatever definition we accept. It follows that three-quarters of the life they consume is consumed luxuriously; that is, it is employed in the production of luxuries which the rich consume. But the workers whose life and labour are thus employed must themselves be supported; and to their support yet other workers have to devote part of their lives. Consequently it is not very much exaggeration to say that about half the population gives its labour to providing the luxuries of the rich, while the other half works to produce its own necessary livelihood and that of the first half.<sup>1</sup>

<sup>1</sup> This calculation was made by Mr. Alexander Wylie, in his *Labour, Leisure, and Luxury*, 1884. He bases it upon Mr. Leoni Levi's estimate of the distribution of the national income.

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It must not, however, be inferred from this that all excessive using up of life, or luxurious consumption, belongs to the small class of rich people, while every one else uses only what is necessary to a decent life. By one form of expenditure, at least—the consumption of drink in excess—many poor people use up the life of others wastefully, as is shown in a later chapter. But that does not mean that they use up a *total* amount of life which is excessive. Only the comparatively rich people can do that. Even if the artisan spends half his income in drink, thereby consuming luxuriously or wasting life in this particular way, his total consumption of life can never be excessive, because of the strict limitation of his total income. If he drinks too much, he eats too little, or goes without some other necessities. He cannot be an excessive spender on 35s. a week. For this reason the questions which the rich man ought to put to himself in regard to his expenditure differ somewhat from the questions which the poor man should ask. The former is bound to ask himself, in relation to any particular luxury, How much does this represent of the labour-power of

the community? How many hours or years of other people's work are embodied in this or that good which I consume? The poor man, on the other hand, need seldom go beyond the simpler question, What does this particular enjoyment or consumption involve in the way of deprivation to my wife and family? The wider social reference hardly concerns him. He is precluded by the smallness of his income from using up an excessive amount of the resources or the life of the community generally.

We turn next to a more difficult question. Granting that the rich consume or use up life in excess, is it not true nevertheless that their expenditure on admitted luxuries is good for trade—necessary for trade, indeed, in the widest sense? The retailers think so, whose shops would be closed if the luxurious consumers ceased to buy their goods; the manufacturers think so, whose factories would stand idle if the demand for their commodities fell off; and the workmen think so, whose wages would stop if the goods their labour produces were not wanted any more. Most of all, the servants of the rich—the ministers of their

luxuries—think so, for does not their only possible livelihood depend on their employer's continued willingness to consume their services? And lastly, the rich who consume both the goods and the services think so too, as do all of us who are pleased to think that we confer a favour on the man to whom we hand money in return for something he sells to us, makes for us, or does for us. In the introduction this opinion was referred to as a persistent fallacy, in which, nevertheless, we were prepared to find an element of truth. This must now be examined; it will be seen that it involves the analysis of spending in another set of relations. We have already considered it in relation to the waste of the means of satisfaction; we now take it in relation to the production of the goods which give satisfaction, and to the way in which that production is carried on.

We have seen that money represents always a claim on goods and services, and that spending money means parting with that claim, or transferring it to some one else, in return for goods and services. Now the manufacturer, the shopkeeper, and the workman must each get pos-

session of some amount of such claims, partly in order that they may have the wherewithal to live, and partly in order that they may be able to replace their machinery and stock, or their tools. It is natural, therefore, that they should all welcome the simplest way of obtaining the claims they need. And, in a country where there is a large class of rich people, one of the simplest ways is to produce the things which the rich people want; for the latter, who are the chief holders of the claims required (that is, of money), can only be induced to part with them in return for the special goods and services which *they* desire. Consequently the workers are often compelled to devote their labour to the production and sale of goods and services which may be wastefully consumed, so that they may obtain the claims which they, in their turn, must have—the retailer and the manufacturer, in order to make the profits which form their livelihood, and the wage-earner, in order to get the wage which supports his life and labour.

It is evident that, in this way, a very considerable class of workers is committed, by the necessities of their position, to the belief that



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the production and consumption of luxuries are not only necessary, but are very excellent things. Their whole livelihood at present depends upon the continued purchase and consumption of articles of luxury by the rich. This is literally the case—now. And the immediate stoppage of luxurious consumption would have very serious effects, not only upon the lives of these workers, but upon the trade of the country. We could not stop the process just described, by which the necessary transfer of claims from one class to another takes place, without stopping the whole process of production of the goods or services in question—a process which undoubtedly forms a considerable portion of the industrial and trading activities of any rich country. The retailer's stock would be rendered useless, and his function gone; the manufacturer would find his plant and machinery useless, with no possibility of altering it; and the workman would not only lose his work and his living, but, by the loss of the latter, would lose his labour-power too. And by the stoppage of production in the departments concerned, the whole country would be made poorer.

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Does it not now appear that there is more than a grain of truth in this "persistent fallacy," that luxury is good for trade? Is it not, after all, itself the truth? Or is there an answer to the plea of the producers of luxuries?

We have already referred to—and discarded—the argument by which the classical economists met this difficulty. Let the rich, they said, instead of spending in the sense of directly consuming goods, save and invest their surplus income, and in that way lay it out upon goods and services which shall increase the capital stock of the country. Then, instead of purchasing the labour of the jeweller or dressmaker, they will purchase that of the engine-maker or corn-grower; instead of a pearl necklace or a court dress there will be produced a piece of machinery or a stock of food. Labour will be employed just the same, and the difference in the result will be all to the good. The necklace and the dress lead to nothing further in the way of new wealth; the process set going by the expenditure in that case comes to a dead stop, ending absolutely in the satisfaction given to the wearers of the dress or

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the jewellery. But the engine and the corn are part of the plant and material out of which more production of wealth grows ; they are the beginning of a new process of production, which leads on to the creation of new wealth. It is noticeable too that they lead to more employment of labour ; not only are men employed to make the engine and grow the corn, but these in turn set up a demand for men to work the engine when made, grind the corn when grown, and so on. Even more than this follows : the engine is an addition to the productive plant of the nation, and the corn is an addition to the stock out of which wages can be paid. Not only therefore is new labour employed, but new stock is created for its support. In this way the “productive” expenditure, which, if wise, the rich man or woman has substituted for the unproductive consumption of luxuries, opens up a little vista of new employment and new wealth which should make the spender (or rather, investor) glow with virtuous satisfaction.

We have stated the argument again as fully and as strongly as need be—too strongly, perhaps,

since we have overlooked the fact that, at each step in the productive process set going by the new "capital," a new expenditure is also required, in the form of new labour consumed. The engine and the corn do not work or grind themselves ; and labour employed is always labour-power spent—as much an expenditure of potential wealth as is the use of it to produce the jewels or the dress. What the wise rich man has done is to direct the expenditure into a more profitable channel than if he had been so foolish as to buy the pearls or to patronise the dress-maker.

And even this part of the argument we are compelled to discard as a final solution, because it involves the fallacy of endless production—apparently without equivalent consumption. The rich man who invests part of his income wisely does cause some new wealth to be created ; but the greater part of this must return to him again as income—which, since he already has enough, he does not want to spend. He must therefore reinvest it ; and so on indefinitely. But this cannot be a permanently satisfactory process. There is only one reason why wealth should be produced

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at all, namely, because it is wanted for consumption. In this way production depends always upon consumption; if it does not lead up to and end in real consumption—real using up for the purpose of satisfaction—it cannot go on. Once more, therefore, we find that the question of waste turns ultimately, not upon the “unproductiveness” of the consumption as such, but upon the satisfaction afforded by the consumption.<sup>1</sup>

But, as we have seen, the real worth of this satisfaction varies with the needs of the consumer; and herein lies the true answer to the retailer, the manufacturer, and the workman, whose living seems to depend, and does really

<sup>1</sup> It is hardly necessary to qualify this statement by reference to the fact that, in modern industry, a good deal of consumption is determined by the lines laid down, independently of it, for production. It is perfectly true that we consume many things because they are produced for us, or because capital is invested in a particular way which, for the time being, directs the course of consumption. In other words, over against our assertion that production always depends upon consumption, we have sometimes to put the opposite assertion that consumption depends upon production, or, in other words, that supply creates demand. It is, indeed, often difficult to say which is cause and which is effect. Have bananas been brought to London by millions because we

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now depend, upon the consumption of their goods by the rich. If any less wasteful direction for the application of their labour were open to them, they would be satisfied, and our plea for economy in the use of wealth would be satisfied too. And this result would be attained if the workman could get the claims he needs by building, not a superfluous mansion for a rich man, but a much-needed cottage for a poor one ; if the trader could make his profit, not by selling hot-house fruit to the rich, but seasonable food to the poor ; and if the manufacturer could make his works pay, not by manufacturing articles of luxury for the rich, but by turning out more needful articles for the poor. In that case all three might be equally well content ; and all

wanted to eat them, or do we eat them because they have been brought so plentifully and are sold so cheap ? Do I buy a new kind of collar because I want it, or because the collar-makers have taken it into their heads to make it and push it in all the shops ?

Nevertheless, though the temporary direction of consumption does sometimes depend upon production, the *raison d'être* of the latter is always consumption. That is the end for which production is always undertaken, even though it may go on for a while by its own momentum, causing consumption to persist or increase along with it.

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might feel that their labour was being used to better purpose for the community.

But this statement of the relation of luxury to trade will probably satisfy nobody. Nor should it ; for it is merely a statement of the difficulty, not a solution. We began by insisting that luxurious expenditure is no more good for the trade of the country than is any other kind of waste of our resources. We have gone on to insist that there need not be and should not be any such waste ; the labour and resources might all be turned to better use, for the greater satisfaction of everybody, and for the benefit of the whole community. But how ? By the rich people dropping all their luxuries ? Apparently not, for we have offered them no single alternative to their present expenditure ; in fact, we have plainly said that if they were collectively to stop their spending, many workers would lose their livelihood and widespread suffering would result. The orthodox economists did at least suggest an alternative, namely, that the consumers of luxuries should divert their surplus income from expenditure upon luxuries to expenditure upon (or investment in) new commer-

cial enterprises which would both increase trade, support the workers, and swell the volume of wealth produced. But we have refused to accept this as a final or satisfactory alternative, and yet we offer nothing in its place. The rich man may reasonably object to so impotent and negative a conclusion. It is all very well to tell him that, if the conditions of industry were different, the labour which he now consumes wastefully might be better employed. Possibly ; but he is concerned with things as they are, not with things as they might be ; and apparently it is now his duty to continue the luxurious expenditure which he knows to be wasteful for the sake of that portion of trade and industry which depends upon it. If he stops, dislocation and suffering will follow.

All this objection is true ; but let us realise what it really involves. There *is* no satisfactory way out of the difficulty so long as things are as they are. A great part of our system of trade has grown up simply in order to satisfy the desires of the rich for goods and services which they are bound to consume wastefully, and this wasteful consumption is the basis on which the



trade rests. In other words, it rests on that very inequality of income which, when carried beyond a certain point, is the cause of most waste ; the error of distribution, as it has been called, is the cause of the origin of such trade and the reason of its continued existence. Trade must follow demand ; labour must be set to work to make, not what the community needs, but what purchasers (people with money) desire. And in a community where many people have too much, and very many more people have too little, much of the trade will exist and be designed solely in order to satisfy the whims of the over-satisfied, neglecting entirely the needs of the under-satisfied. We may say, truly enough, that the trade and the industry which rest on such a basis can never be really healthy nor socially valuable ; but they cannot be altered except by altering the cause—the excessive inequality of spending power to which they are relative. Just as consumption must always be wasteful if incomes are very unequally divided, so also production must be wasteful if it is relative to a wasteful system of consumption. And there can be no real escape except by a change of the system. Such a change,

involving as it must the levelling down of the great inequalities of spending power which exist, would need to be gradual, in order to avoid the dislocations which would otherwise necessarily follow. For this reason it would be disastrous, even if it were possible, to persuade all the rich consumers of luxuries to stop their consumption at once—unless, indeed, a widespread and immediate reorganisation of trade took place simultaneously, accompanied by a transfer to the poor of part of the superfluous incomes of the rich.

We may say, therefore, that the only final and logical solution—the only real alternative to the wasteful expenditure by the rich—is the gradual abandonment by the latter of part of their wealth, in order that greater equality of income (that is, of the possession of power to satisfy wants) may take the place of the excessive inequalities at present existing. All other alternatives are palliatives. But though this final solution is hardly within sight yet, it *is* possible for any rich individual to find better immediate uses for part of his wealth than the continued expenditure upon luxury. These are discussed in a later chapter, in which various suggestions

are made. They are the answers to the question which has so far been left unanswered : Can I, as a rich man or woman, so use my surplus income, at present spent rather wastefully in the satisfaction of my whims, as to increase the more vital satisfaction of my poorer neighbours ?

Perhaps an analogy—not really very far-fetched—may make the situation clearer. It is as though part of our trade, let us say that of the builders and decorators, were dependent upon the periodic destruction by fire of a large number of houses. The fires, like luxury, would be admittedly wasteful and a drain on the resources of the community ; exactly like luxury also, they would be “good” for trade, or for that portion which existed in consequence of them ; and a sudden cessation of the destructive fires would ruin that particular section of trade and industry, and cause very great suffering as a result. But no sensible community would for that reason be deterred from trying in every conceivable way to put an end to the fires, and, with them, to the accompanying waste. But if they succeeded, they would find themselves compelled at the same time to devise some rearrangement of

industrial conditions, some method by which the workers thrown out of work might again be absorbed into self-supporting industry. That done, the gain to the whole community would be obvious.<sup>1</sup>

<sup>1</sup> The question of the relation of luxury to trade is further dealt with, from a somewhat different point of view, in chapter vi.

## CHAPTER IV

Details of luxurious expenditure—The amount of waste considered in relation to the amount of money spent.

WE have now reached two general conclusions: first, that luxury and luxurious expenditure tend to be wasteful because they involve a waste of possible satisfaction for the community generally; secondly, that, whether justifiable or not, they entail a direct waste either of goods and services available for immediate use, or of material and labour-power which might be applied to the production of other goods and services. All through, the waste involved has been very closely associated with the amount of money expended. By our definition we connected luxury with expenditure beyond a certain limit; by our psychological argument, based upon the diminishing returns of satisfaction of wants, we connected the wastefulness of luxury with the increase of expenditure

upon our own individual satisfactions ; and by the economic argument we connected the waste with the amount of consumption of goods and services—and chiefly, therefore, of labour-power and its products.

It might seem, then, to be a reasonable inference that the amount of money expended is the final measure of the amount of waste.<sup>1</sup> But, though truer than many people suppose, this inference is not true without very much qualification. The subject is far too complex to admit of the application of so simple a test, for two reasons. First, there is the undoubted fact that the same amount of money, expended in obtaining different satisfactions, may involve the con-

<sup>1</sup> It is necessary to point out that the word "waste" is used in the only sense which matters from the point of view taken throughout the book—that is, *social* waste, or waste which affects the community generally. Individual waste is of no importance unless it also involves social waste. A rich man may throw all his "money" (in the sense of "claims") into the sea if he likes ; the world will be none the poorer, except by the loss of a few pieces of paper and the loss of time caused by alterations in the books of various banks and companies. Nor, of course, will it be any richer ; there will just be a redivision among other people of the claims thrown away. The rich man merely resigns his claims on a certain quantity of goods and services

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sumption of very different amounts of goods and services, and therefore also very different amounts of waste. Secondly, there is the fact that the general judgment of our society insists on assigning different degrees of wrongfulness to equal amounts of waste, if the goods and services consumed are of different kinds, and to equally wasteful satisfactions if the desires satisfied are of different kinds. This second fact implies, of course, a reference to ethical judgments as to the culpability of this or that waste or satisfaction—judgments dependent on some standard which is necessarily variable and often quite false ; and to a certain extent these ethical judgments are outside our argument. But they

which exist somewhere in the world. These latter remain still available for use by others, and the claims upon them pass to others. But if the rich man throws into the sea his money in the form of *gold* (a form which only a very small proportion of our claims ever takes), then there *would* be a loss to the community in so far as gold is a good which has uses both as a token of value and as a measure of value and in other ways.

It must be noted also that the word "waste" is used throughout this chapter in a wide sense, which covers all consumption or destruction of goods and of services beyond a certain limit. Much of this consumption, though a waste in this wide sense, may be justified. How far this is the case is considered later.

cannot be left out of account, especially as they are the index to some real and vital differences in the tendency to wastefulness of different kinds of consumption or expenditure.

We have, then, these two facts to consider: first, the fact of variability in the extent to which the amount of expenditure represents the amount of waste of goods or services ; secondly, the fact of variability in the extent to which this amount of waste is rendered more or less culpable by differences in the goods and services consumed, or in the desires satisfied. We will deal first with the former differences, which are also the simpler.

Recalling the definitions given in the last chapter, we see that all expenditure means :—

- (a) The transfer to others of a certain amount of our claims on goods and services.
- (b) The obtaining of the use of a certain amount of goods and services in return.
- (c) The consumption—using up—of the goods and services so obtained.

Of these three elements, the first is always dependent upon the amount of money spent.



The claims which we transfer are expressed in and exactly measured by the amount of money we spend. A pound, however laid out, is always the transfer to some one else of a pound's worth of claim on goods or services. But the second element has no fixed relation at all to the amount of money laid out ; the amount of goods or of services which we may obtain in return for the transfer of a given amount of claims may vary enormously. We may part with our money and get very little in exchange ; or we may get what we would call very good value—that is, a complete equivalent in goods or services. The third element again introduces a further set of variations. The amount of goods and services which we obtain in return for our money may be consumed, used up, in many different ways, or in satisfying many different kinds of desire. Now it is clear that the amount of the waste of any expenditure depends not at all upon the first element—the mere transfer of claims—but upon the other two—the amount of goods or services obtained for our use, and the way in which we use them. Always, therefore, we must go behind the amount of money spent, and ask

what was got in exchange, and how was it consumed?

In considering our first fact—the simple relation of money spent to goods and services obtained and used—only the second element concerns us; or, more accurately, the relation of the first element to the second, which we may call the proportion of transfer to amount of goods and services obtained. And in any given expenditure, as we have said, this proportion may vary almost indefinitely. The spending may be wholly or almost wholly a transfer; or it may bring in to us a greater or less equivalent in the form of goods or services for our use.

Occasionally the expenditure, whether we call it extravagant or not, consists simply and solely of a transfer of claims, and is therefore neither luxury nor waste at all. The best instance of this class is spending money on gambling. At the end of an evening's Bridge I may have to pay out hundreds of pounds; but nothing is consumed, and there is no waste (except of my time and perhaps character, of both of which the value may be negligible). The money is thrown away, as far as my future use of it is concerned;

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it is, however, simply handed over to some one else to use, without anything else happening in the process.

In the loss or expenditure of money on betting, also, there is no waste, but merely a transfer of claims from loser to winner, provided the bet is a simple wager between the two persons. But betting on horse-racing, as usually carried on, is a very different matter, and directly involves a very great amount of waste. This has nothing to do with the cost of upkeep of the horses and stables. That is paid for by the owners, would probably be continued if betting entirely ceased, and may be quite worth the outlay. The waste of betting consists in the cost of upkeep of the whole army of bookmakers, which is entirely paid for by the losses of those members of the public who bet. And the waste involved is in this case very fairly measured by the amount of money expended. Assuming the net losses of the betting public to amount to five millions annually (a sum probably much under the mark), then we may say with confidence that this amount represents the annual waste due to the luxury of betting on horses. In order to gratify the desire

for excitement or the desire for gain-without-effort which characterises the bettor, this amount of goods and services, of the community's resources, has to be spent annually in maintaining the "services" necessary to his satisfaction. Whether the satisfaction obtained by the bettors, who between them pay this sum annually in the shape of their net losses, is worth the amount paid, is for them to decide. One would imagine that it is a costly luxury.<sup>1</sup>

Again, to pass to a very different kind of transfer of claims, the expenditure upon charities (often a large part of some rich people's expenditure) is expenditure in the sense of mere transfer, involving no consumption or use of goods and services whatever. It may give pleasure to the donor ; but the pleasure literally costs nothing ; it is one of the cheapest satisfac-

<sup>1</sup> There is, of course, an additional waste—that of the time, capacity, and attention to work of most people who bet. And this is social waste as well as individual. But it does not enter into our view of the subject. It belongs to the waste of life-power which accompanies indulgence in any vices, whether these require the consumption of other people's labour and resources, as drink and gluttony do, or, like gambling and laziness, consume nothing whatever except the time and talents of the individuals concerned.

tions imaginable. True, the pleasure of charity may cost the charitable man a tenth of his income, or more ; but it costs the community nothing, for it consumes and wastes nothing. The recipient of the charity may waste the claims transferred to him. But that concerns *his* expenditure, and has nothing to do with the expenditure of the charitable donor.<sup>1</sup>

Another example of simple transfer is found in the sums paid by the rich for certain privileges, such as the use of a coat of arms, or the right to keep a man-servant. This part of their ex-

<sup>1</sup> The giving of presents must not be confused with charitable gifts. Presents involve a real expenditure on the part of the giver, who then hands the goods over to others to enjoy. They also involve waste in varying degrees, because the donor gives to the recipient what he thinks the latter will like or ought to like, a matter of which the recipient is usually a very much better judge. Many gifts, especially those given in response to the demands of convention, such as wedding presents, may involve almost complete waste. They are given often with little real regard to the wants of the recipient, the donor buying just what the shops suggest—a good instance of supply determining demand. And they are given most to the people who need them least, since a senseless convention compels us to give the most expensive presents to the people who already have too much of everything, and allows us to give cheap things to those who have too little.

At the same time, the waste of expenditure upon presents is

penditure is of the nature of the payment of a tax, and involves nothing beyond a transfer of a small part of their claims to the State.

These various forms of "spending" money, then, may be taken as illustrative of the small class of expenditures in which there is a transfer of claims, but nothing more. There is no consumption, and therefore no waste of anything.

We pass next to the class of expenditures in which there is not only a transfer of claims ; but also a receipt of some equivalent in the shape of goods or services. This class includes the whole of what is ordinarily called spending money, in which there is always some *quid pro quo*. When we go out into the market to spend, we get some

not to be decided merely by the amount of satisfaction which the recipient may get from the use of them. Some very senseless and useless presents may give such a keen sentimental satisfaction to both giver and receiver that their uselessness really does not much matter. It is the giving of them, with its implications of goodwill and kindness, that is important. Probably all of us count among our most cherished possessions some hideous or hopelessly useless articles, once presented to us, which are worth their weight in gold on account of the sentiment connected with the giver and the gift. That is to say, the gift brings a satisfaction out of all proportion to its merits as a "good."

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return for our outlay. We may not get as much as we think we should, but it is always something. But the amount of the return is not always the same. A pound spent in the Bond Street "market" does not get the same quantity of return as a pound spent in the "market" of Petticoat Lane; and a rich man spending a pound anywhere seldom gets the same quantity of return for it as a poor man. These differences are of the utmost importance; they are sometimes overlooked, perhaps in consequence of the over-emphasis given by the earlier statements of economic theory to the fact of equality of price in markets or in areas within which competition made itself fully felt. But they must obviously be taken into account if we are to arrive at a just estimate of the amount of waste involved in the expenditure of any one, whether rich or poor.

This difference between what is actually got for the money spent, and what would have been got for it in other hands or in other places, must affect very greatly our estimate of what the rich consume. Most of their expenditure is marked by overpayment, payment of fancy prices, or

payments which for various reasons do not represent any value received ; and whenever this is the case, we must admit that that part of their expenditure is a mere transfer of claims, and therefore quite harmless from the point of view of waste. Partly because of their position, and their own opinion of it ; partly because they are known to be rich, and therefore well able to pay more than others ; and partly because they are more careless of economy ; it comes about that nearly all rich people who live up to their means do habitually pay much more for their satisfactions than they need—that is, than their satisfactions are worth as measured by the cost of the life-power or nature-power which produced them. How much more they pay it is hard to estimate. But probably we shall be under the mark if we say that 25 per cent of most rich people's expenditure is a mere transfer of money representing no return at all ; it is waste for them, though not waste for the community. It is as if there were a tacit conspiracy on the part of all producers and workers to relieve the rich of part of the burden of their excessive claims without making any return for them. Perhaps it is as



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well that it should be so. To this portion, at any rate, of the expenditure of the luxurious rich no consumption and no waste belong. They are just relieved of the responsibility of their money by others, quite as much as if it were transferred to others by gift. And so we may fairly say that at least one-quarter of the most luxurious expenditure of the rich is not really wasteful at all.<sup>1</sup>

The conspiracy, as we have called it, is traceable in constantly dwindling amounts all down the social scale. All of us except the very poorest have something filched from us in the way of overcharges. At the very bottom of the scale there is none of it, because there no one can afford to part with any claim without full value received. Neither the rich nor the moderately rich ever know the real labour-cost, or cost of production, of the goods and services they

<sup>1</sup> But it may be harmful in other ways. One of the bad effects of the existence of a class of very rich people is the constant temptation offered to those who serve them to "make something out of them." This may not lead to anything actually dishonest ; but it encourages the habit of trying to get something for nothing, or to make money without giving any equivalent value in return.

consume—unless they get their eyes opened by living for a while on a few shillings a week among the people who only pay or can pay for just what they consume.

A few examples of overpayments or fancy payments will make clear the meaning and importance of this large class of payments of money or transfers of claims, of which part at least brings in no equivalent return.

Perhaps the most extreme instance is that of spending money in gratuities or tips of any sort. To some extent these resemble simple transfers, and so far belong to the same class as charities, with which we have already dealt. But though the gratuity is sometimes given or increased through kind-heartedness, it is more often a payment which has to be made because it is expected. Tips are supposed to be given in return for some slight additional attention or extra service; in theory there is a *quid pro quo*; but the tips to the servants of the rich—gamekeepers are a good instance—are usually given because convention requires it. The money has to be paid; but it is not really earned by the recipient. Equivalent service is not given in

return for it. The gratuity is a gratuitous extra.

A far more important example is the purchase of goods of which the price is put up simply because the buyer is rich and so can afford to pay more. It is common knowledge that customers of shops in the West End and elsewhere who give a "good" address are frequently charged more for that sole reason. In some shops there are said to be two prices for goods, one the price on which an ordinary profit can be made, the other the price which rich people can be made to pay. And this addition to the price, when paid by the rich, is of the nature of a transfer of money without any equivalent return.

In different ways this "extra charge" appears in most of the spending of the rich, though not always as a simple addition to the normal price of the goods. In all "fashionable" shops prices are high out of all relation to what may be called the normal cost of production of the goods, and only a fraction of the prices can be said to represent directly labour-power embodied in the goods. The balance is partly a payment for

certain privileges, and partly a mere transfer of money—both of which are of the nature of a tax which rich customers pay either consciously or unconsciously.

An example will make this clear. When a rich woman purchases a fifty-guinea dress, the price may be said, very roughly, to be made up somewhat as follows :—

- a.* For material and labour of making (including the skilled work of the cutter, fitter, and embroiderer), say twenty guineas.
- b.* Shop-managers' time and labour (upkeep of shop, etc.), say three guineas.
- c.* For style and fashion (this may be called payment of rent for special ability), say ten guineas.
- d.* For rent of shop, say three guineas.
- e.* For profits paid to shareholders in the business, say fourteen guineas.<sup>1</sup>

<sup>1</sup> The analysis here makes no pretence of accuracy and is not a complete one. For example, under the last head we must include a special item—say three guineas—charged as insurance against the risk of the customer's not paying her bill. In this way, all customers who do pay their bills pay a little extra in

Now of these items we may say that the first two represent the necessary cost of goods and services directly consumed. The third also, in part at least, for style and fashion are not obtained without some labour on the part of the expert who goes to Paris and makes a study of them there. But part is a "fancy" payment, and is of the nature of a transfer of money without appreciable return. The fourth is still more a transfer; and the fifth almost entirely so, for the owners of the business obtain the last item

order to cover the unpaid bills of those who shirk payment. In other words, the honest pay for the goods of the dishonest; and this part of the payment is a transfer, not to the owners of the business, but to the dishonest people who consume goods without paying for them. How great this part of the transfer is, most tradesmen who give credit will tell you; nor is it confined to tradesmen. Some medical practitioners find that 50 per cent of their accounts are never paid. That is, the medicine and medical attendance of half their patients are paid for by the other—the honest—half. But profits we count as the money which goes to the owners *quâ* owners. All net profits which are paid as interest on capital are a mere transfer of customers' money, which is necessarily unearned by the owners of the capital. In the case, however, of a tradesman who owns his shop and manages it, the profits are largely a payment for his work, and therefore are not a mere transfer; and this portion of them would fall, not under our last head, but under the second.

without making any return in the way of labour ; they obtain it unearned, because they are the owners.

It is, however, necessary to discriminate a little more carefully. The owner of the premises also obtains his rent because he is the owner, and without making any return ; and the owner of the special ability and knowledge obtains his or her "rent" partly as the owner of a kind of monopoly, partly too as a kind of payment for work done. And these two rents which enter into the price paid for the dress (and for most other goods) require some explanation. Both represent some equivalent to the buyer of the dress ; they represent a partial consumption of a monopoly. The rent of a Bond Street shop is high, not because the shop costs more to build, but because the site is a monopoly value. It is therefore a "good," in the eyes of consumers, which is consumed ; and the price of the dress is higher by the proportion of the rent of the shop which enters into it, because the buyer wants and enjoys the privilege of shopping in a fashionable street close to Mayfair. So also the rent of a fashionable dressmaker's ability stands for the

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consumption of a monopoly—of a “good” which consumers want. And both these monopoly-values have labour behind them, and so represent an indirect consumption of labour-power. In the case of all high rents paid for sites in Mayfair or Belgravia, it is the general labour of the community of London or of England which has created and maintains the value—part of all English workers’ labour may be said to be embodied in the value of land in London—and in the case of the rent paid for the special ability, that too has its basis partly in the labour of the whole community, partly in that of the individual who possesses it. So that of the two items put down as “rents,” a fraction at any rate stands for real consumption of goods and services somewhere; and in buying her dress in Bond Street the rich woman consumes that fraction of the labour of the whole community, as well as the material and labour directly used in making the dress. But in paying the amount which we have put down to profits, and part of the amounts we have been discussing under the head of rents, she consumes nothing. She merely makes a transfer of her money. And if we wish to

estimate fairly how much, in buying her dress, she consumes of the goods and services of the community—of our common resources, in fact—we shall state the amount, not as fifty guineas' worth, but as very much less than this—not more than thirty guineas' worth, at the outside.

The same analysis might be applied to all payments made by rich and well-to-do people ; and though the proportion of payment which is mere transfer would be seen to become smaller as the purchaser becomes poorer, there will always remain some part which is not representative of any actual consumption of anything. In the case of rich spenders, this part is usually considerable : we have estimated it at 25 per cent. By this amount then we must modify any condemnation we may be inclined to apply to the expenditures of the rich in consequence of their waste of the community's resources.

It must be borne in mind that that part of their expenditure which is payment for a special privilege or for the enjoyment of a scarcity or monopoly can never be put down as *mere* transfer of money. It represents the consumption of something which many people want—whether or



not this something involves the use of services or material in the ordinary sense. People who pay a high rent for a house in Mayfair, or women who pay a high price for the possession of pearls, are consuming goods which some other people would like to have. Yet this consumption of peculiar scarcity-values is far less important than other forms of consumption. The "goods" are, in a real sense, less vital; the community is not impoverished by the consumption of them in anything like the same degree as by other forms of consumption which destroy material and labour on which the living of a good life depends; and for that reason we need not count the waste at anything like the amount of the sums expended on them.

It is well, perhaps, that this unconscious conspiracy to relieve the rich of a large part of their income without giving anything in return should obtain as universally as it does, for so the total amount of the waste of luxurious expenditure is made far less. But the negative side of expenditure—the mere transfer of claims—must not be exaggerated. It is sometimes argued, for instance, that the consumption of, let us say, rare

and costly fruit or flowers is very little wasteful, because much of the money is paid, not for the actual labour of growing the fruit, but for quite other things—e.g. the cost of the carriage from some distant place, or the cost of the coal used to heat the hot-houses, and so on. But clearly this is no defence at all. All such payments represent consumption of labour-power and nature-power, every bit as much as if the whole price were paid solely for the labour of men employed to work upon the fruit and make it grow. When we pay a high price for such goods the money may be distributed among any number of producers, some of whom, like the colliers or railway men in the case of the hot-house fruit, are only indirectly concerned in the production of the goods. But in eating or consuming the fruit or flowers we are consuming *their* labour as well as that of the actual growers and gardeners concerned. It is a common mistake to suppose that the money is more profitably spent because part of it goes to support such excellent and necessary industries as coal-mining and railway service. This is, of course, the old fallacy, that by wasting labour and material we

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improve industry and increase wealth. My consumption of expensive fruit is made more, not less, wasteful by the fact that in eating the peaches I am also consuming coal which might have been better used, and labour which might have been better employed, than in working to give my palate an agreeable sensation.

We need not dwell further upon the relation of the actual amount of expenditure to the actual amount of consumption, and therefore, in the case of luxuries, to the actual amount of waste. Enough has been said to show that a considerable discount must be made before we can measure the waste of goods enjoyed by the rich by the amount paid for them. In numerous ways the rich are induced or compelled to part with some of their money, or transfer some of their claims on satisfaction, without getting any appreciable return, and therefore without wasting anything. The transfer may be of two kinds : either a simple handing over of the whole or part of the money spent without any definable *quid pro quo* ; or else a payment for a "fancy" value, in which case a quite definite return is obtained for the money, but it is one which

derives its value much more from a fanciful appreciation of the "good" received than from any embodiment of labour-power or nature-power in it.

And the amount of the transfer depends chiefly upon the wealth and position of the spender, running in varying degrees through all the expenditure of those who are wealthy enough to be able to spend a pound without thinking many times about the value they receive for it. The only "waste" which belongs to this portion of their expenditure is the waste of the spenders' own opportunities of obtaining satisfaction, and so only concerns the individual without impoverishing the community. We may therefore say generally that the greater the individual waste of money (in the sense of mere throwing away of claims), the less is the *proportionate* amount of waste of goods and services ; whereas when the care and economy of individual expenditure are great, the resulting consumption of goods and services is proportionately great too, and the "waste" is in that case more accurately measured by the amount of money spent.

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NOTE.—The use made of this distinction between “fancy” values and other values may offend the economist. In treating of distribution it would needlessly complicate the theory of value. Yet in analysing consumption it is impossible to avoid it. The results of consumption can only be discovered by examining what is done with the elements which determine supply. These may generally be resolved into labour-cost, nature-cost, and scarcity. Of these, the first two are always combined in different degrees; the last cannot be entirely separated, but, in the case of ordinary commodities, is of little account. “Fancy-value” is bound up with scarcity-value, but is not always the same thing. It depends upon some property possessed by the goods, which appeals to the purchaser by reason of some elaborations of fashion or of taste, which give rise to special desires often confined to a few people only. And this property—the power to satisfy desires created by elaborations of taste and of fashion—is not usually dependent upon excessive amounts of labour-power or nature-power expended upon the goods; nor is it necessarily scarce in the sense that the product is necessarily limited. But increased supply of the goods possessing the property sometimes destroys the peculiar value of that property. If the thing becomes common, it is no longer fashionable or likely to appeal to the most “refined” taste. The taste and fashion, in fact, are both related to the *scarcity for the time being*, and sometimes only persist so long as that scarcity can be maintained. In that sense the desire for such goods may be called fanciful or artificial, and the satisfaction can never be regarded as vital. Nor does the satisfaction involve the destruction of labour-power and nature-power (which must always be considered vital) to any great extent.

As a perfect example of “fancy” values we may take a rare postage stamp or autograph letter, for which a collector may give, let us say, fifty pounds. Less perfect examples are old

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furniture, fashionable brands of wine or cigars, and also all goods which have a high value (for some people) because they possess "style," such as a ten-guinea hat.

Of all these the value is more or less independent of the cost of production—a fact which compels the economist to say that price depends, not upon the cost of producing an article, but upon the cost of producing another exactly similar article. But it is better to omit any reference to cost of production in dealing with that part of the value which is independent of the labour-power and the nature-power embodied in the goods. If I destroy a rare postage stamp worth fifty pounds, I waste nothing (in the sense of "waste" as used throughout this book). I *do*, however, waste the possibility of some one else getting a satisfaction out of the possession of that stamp. But this can hardly be put in the same category with the waste involved in the destruction of fifty pounds' worth of corn, the whole of which may be resolved into waste of life-power—that is, of labour-power and nature-power.

## CHAPTER V

Details of luxurious expenditure (continued)—The amount of waste considered in relation to different kinds of consumption, different kinds of goods consumed, and different kinds of satisfactions or of desires satisfied.

WE now pass to the second set of distinctions which determine our judgments of the wastefulness of luxurious expenditure. Hitherto we have been concerned only with the degree of waste involved in expenditure. We must now take into account differences in kind, which may provisionally be resolved into differences in the nature of the goods consumed, differences in the mode of consumption, and differences in the kind of satisfactions or of desires satisfied. Here, as was pointed out above, we stumble at once upon ethical judgments which are sometimes, though not always, formed independently of any estimate of the actual amount of waste on the part of consumers. And these judgments are so varied and so complex that it is usually a

matter of great difficulty to disentangle the principles underlying them. This, however, it is necessary to do in order to discover the worth of opinions commonly expressed on the subject of waste, and the validity of the arguments on which they appear to rest. For this purpose we will take at random a few examples of general agreement as to the greater or less wastefulness of certain modes of consumption, in which the verdict appears to depend upon the differences in kind referred to rather than upon any differences in the amount of waste.

By far the simplest examples belong to the large class of judgments which have reference to the mode of consumption, or rather to the extent of the satisfaction afforded by the outlay. The classical instance of the alabaster box of ointment used to anoint the feet of Christ affords a good illustration of this class. The disciples condemned the expenditure as wasteful: the amount spent on the ointment might have been better spent on necessities for the poor. But the difference in the kind of goods consumed is not the essential matter here. We often pass just the same verdict on lavish expenditure on



flowers for a funeral, when, as we say, the flowers might have been so much better used if they had been sent to a hospital.<sup>1</sup> It is the different use of the goods bought which chiefly affects our judgment, and behind this, always a reference to the amount of satisfaction obtained from them, or the extent to which the satisfaction is spread out over a number of people or concentrated upon one or a few. In the same way, it would be considered more wasteful were I to spend two guineas upon a dinner for myself alone, than if I spent the same amount upon my food for a week, or food for my family or friends ; and this regardless of my income.

In all such cases the difference in the kind of expenditure is obviously correlated to a difference in the degree of the satisfaction obtained ; and so far the judgment really depends upon an estimate of the amount of satisfaction. Whether it is therefore to be relied upon will be discussed later.

<sup>1</sup> We put on one side the indulgence in the "luxury" of a decent funeral by the very poor. This is regarded as a waste chiefly in relation to their poverty, not because of the actual amount spent.

But the judgment is often complicated by other elements. By the comparison suggested in our last example, the expenditure of two guineas upon a dinner for myself is made to appear wrongfully wasteful. But it might appear quite virtuous if compared with other possible expenditures of the same money. I might, for example, prefer to buy 100 loaves, and burn 99½ of them while I ate the remaining half. Why should this seem criminally wasteful? The expenditure is the same; the actual amount of goods and services consumed may be the same; and only I can say whether the amount of satisfaction is any different. It *may* give me a greater satisfaction to dine off half a loaf to the accompaniment of a bonfire of bread than to eat a two-guinea dinner. Nor need there be any difference in the direct results of the two meals; the diner's appetite is satisfied in each case, and no more.

But there *are* differences. First, the destruction of goods in the bonfire case is a wanton one, and the desire satisfied may be called both wanton and dangerous. It is, in fact, simply a desire for waste; and therefore demands waste

for its satisfaction, and cannot be satisfied without it. This element of sheer wantonness is what we most condemn in much of the luxury of the Romans under the Empire. They insisted on eating fish when inland, and on eating meat when on the sea-coast. It was a wanton waste of labour. They dined off dishes of nightingales' tongues, at about £60 each; it was a wanton waste and misuse of a "good" which was far too precious to be used for anything except its proper purpose.<sup>1</sup> So too we feel the element of wantonness in Cleopatra's famous drink, made of the finest pearl she could get, dissolved in acid. The drink was horrid; but it gratified her desire for wanton waste. So, again, we condemn a famous actress who is said to bathe in champagne. It cannot, we think, satisfy anything except the desire to waste something—itself a dangerous feeling.

But there is a very different element in our

<sup>1</sup> I do not know whether the Romans called these luxuries "good for trade." If they did, it was decidedly more fatuous than the present use of that argument, for the only goodness consisted in giving additional work to already overworked slaves. Sometimes the same "goodness" is the only observable effect nowadays.

condemnation of the bread-bonfire. Here the *kind* of good consumed affects our judgment; we are very decidedly influenced by the fact that what is wasted is not only food, but a very necessary and elementary kind of food. If the bonfire had been of firewood or even of furniture it would have mattered far less. So Cleopatra would be blamed much more, had she destroyed £5000 worth of corn to make her drink, instead of the single pearl. The fact is that we all, almost instinctively, attach more importance to the destruction of goods which satisfy our elementary wants than to the destruction of goods of equal economic value which only satisfy wants that are more remote or less necessary. And we might draw up a scale of wastefulness based solely upon the degree of "necessity" of the goods consumed. A waste of bread is worse than a waste of tea; a waste of food worse than a waste of clothing; and so on. A waste of the things which every one must have is worse than a waste of things which we can do without; of things which many want than of things which only a few want. You may "consume" and "waste"

beautiful views or scenery in a dozen counties with less condemnation than a few tons of flour or bread ; you may consume lavishly many gallons of champagne and many pounds of expensive delicacies more excusably than a smaller amount of meat and milk. Why ? The scenery, or some of it, is "meant" to be used (at present) for the gratification of the sense of ownership of the rich, or for the preservation of their game ; that use is considered fitting. Champagne is "meant" to be used lavishly for the increase of conviviality or the heightening of pleasurable excitement ; the expensive delicacies are "meant" to be used without stint to please the palates of epicures : these are their proper functions. But bread, flour, milk, and meat are "meant" to be used sparingly to satisfy hunger ; that is *their* only function. Any other use of all these goods is misuse, and therefore to be condemned. We cry out with indignation when the scenery is used as a setting for the advertisement of a pill, when the champagne is used in place of bath-water, or the delicacies to feed lap-dogs, or the bread to make a bon-fire for the amusement of a rich idiot. And

this is the first reason of our condemnation of wantonness in consumption.

Side by side with it is the instinctive objection, already mentioned, to the waste of anything which is universally needed. And this has two foundations. The better use of bread is so obvious, since everybody needs it. Our life can go on comfortably enough without champagne or *pâté de foie gras*; but without bread, not at all. And seeing that, though it is so necessary, some people do not get as much as they need, there is an inevitable feeling that it, in common with all necessities, must be limited in amount in a peculiar way. There cannot, surely, be too much or even quite enough of it, or all would have enough. It must then be altogether criminal to misuse or waste it. And so our condemnation comes to be applied in ever-increasing degrees to different kinds of waste, according as the goods wasted are nearer in their nature to what we regard as absolute necessities.

What validity is there in this common verdict? Taking first the misuse or wanton use of goods, the answer is clear. It is reason-

able to pass a special condemnation on all wantonness; but only because it is a mark of an extreme desire for wasteful satisfactions, or of a tendency to excessive wastefulness. But the *kind* of consumption in which the wanton desire finds its satisfaction is not the important thing. All the satisfactions which lie at the extreme limits of luxury tend to be satisfactions of whims or of wanton desires. After all normal desires have been satisfied, abnormal ones usually appear, and the gratification of these tends to involve an expenditure of goods and services which must be called wanton. This is a necessary corollary from the principle of the diminishing returns of satisfaction. Wantonness or freakishness may appear early in the course of satisfaction, in the case of a madman or an eccentric. Some people will waste goods in gratification of a whim at the expense of their necessary satisfactions. But the sanest of rich people, in spending the last part of a big income, will often be driven to spend on satisfying some foolish fancy, or will elaborate their normal desires into something whimsical. It may be that madness must be added to satiety before a Nero will burn Rome

to gratify his whim ; but Cleopatra was not mad, she was merely over-indulged ; and the rich man who buys a hundred expensive things which he cannot ever really use is in the same plight.

The second determinant of our verdict is much less reasonable. We think it is peculiarly wasteful to consume the necessities of life in excess or wantonly, because we think they are specially limited. And this in turn is the result, partly of a survival of instincts which belong to a past age when actual scarcity of corn and meat was common ; partly to the almost universal mistake of judging by appearances only. There is now in this country no real scarcity of necessities, nor is there any more limit to the production of them than of anything else produced by labour and nature combined. There *is* a limit to the production of commodities generally ; but (in the case of most goods) no one good is necessarily more limited than another. The supply of bread, beer, champagne, and game is in each case about equally expandible. But one product is limited by another. If we use much of our corn to make liquor, or much of our land to grow grapes or grouse,



then the supply of bread will be curtailed. But that means that it is the production of luxuries which limits the production of necessities, and therefore any lavish use of a luxury, and sometimes any use of a luxury at all, is really the waste of necessities in disguise.

In other words, the popular idea that it is more wicked to waste bread than champagne is seen to be quite delusive if we go behind the appearances. The mistake arises from considering only the final products and their present uses or functions, instead of considering the labour-power and nature-power which are embodied in them, and on which they all alike depend. At a given moment the use to which the final products are put may determine the amount of waste. When once you have got your bread or champagne, it is probably very wasteful to use either of them for ridiculous purposes ; and to burn bread during a siege or a famine would be far more criminal than to throw away champagne or to drink dissolved pearls. But as a practice, as a social habit (apart from the dangerous tendency of any wantonness), the consumption of expensive luxuries is exactly equiva-

lent to the consumption of great masses of bread and meat. The former we consume at the expense of the latter, or, more exactly, at the expense of the production of the latter; the labour-power and nature-power embodied in a bottle of champagne are the equivalent of the labour-power and nature-power which might have produced thirty loaves of bread. The consumption of the champagne is equal to the consumption of the thirty loaves, neither less nor more, and the real waste is the same.<sup>1</sup>

This conclusion, however, must not be stated too absolutely. Two considerations compel us to modify it in the case of certain kinds of goods. We have already alluded, in the last chapter, to a distinction between goods which possess a "fancy"

<sup>1</sup> The example of champagne is taken simply because it is an expensive wine of which the production requires extra labour and care. Special vintages of champagne from special vineyards in France are "fancy" values, partly because they are limited in amount, partly because fashion creates a great demand for them. Consequently, in estimating the actual waste involved in the consumption of an 18s. bottle, in terms of corn or bread or any goods which are not "fancy" values, we should have to knock off at least half the cost, and regard the consumption as a waste of 9s. or less, not of the amount paid. This is explained in the succeeding paragraphs in the text.

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value and goods of which the value is chiefly dependent upon the cost of production in the sense of the amount of labour-power and nature-power required to produce them. This distinction necessitates a distinction also in our estimate of the amount of waste involved in the consumption of each kind, since we have resolved waste entirely into destruction of the life-power embodied in the means of satisfaction. In the examples with which we have been most occupied hitherto we have taken goods of the second kind. Champagne, beer, bread, corn, and most delicacies as well, depend for their value chiefly upon the greater or less amounts of life-power expended upon their production. It costs more life to produce champagne than to produce beer, for instance, and to produce cake than to produce bread. The dearness or cheapness is some index to the amount of labour-power and nature-power embodied in each. And most of the goods which we consume belong to this class. Whether we are using motor-cars or steam yachts, houses or servants or horses, rich or plain foods, candles or electric light, we usually find that the bulk of our expenditure is upon goods to which labour

in greater or less amounts has (in conjunction of course with nature) given most of the value. But, as we saw in the last chapter, a "fancy" value belongs to some goods independently of their labour-cost. In consuming a specially expensive brand of champagne or of cigars, for example, we really do not consume much more labour or nature-power than the drinker or smoker of cheaper brands. We may consume a little more, in so far as our extra payment is partly due to the fact that we are paying for the services of a skilled "taster," who chooses the best brands for us; and his skill means some additional labour. But it does not account for the whole difference of price, part of which is due to the scarcity or monopoly value of the goods. But in consuming such a simple good as bread, or any other necessary of life, we may be nearly certain that the whole consumption, fairly accurately measured by the price, is a consumption of labour and nature-power. There is very little fancy value about such goods. And for this reason we must allow that the waste of certain kinds of goods is, in itself, more wasteful than an apparently similar waste of other kinds of

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goods. To some extent, then, the popular verdict is right in condemning a wholesale waste of bread much more strongly than an equivalent waste of pearls.

A second consideration must also be borne in mind. We have hitherto been using as illustrations those luxuries the consumption of which involves the immediate and total destruction of goods or services, such as the luxuries of the table. But we are not always eating and drinking; even a Lucullus or a Heliogabalus spent money on many other things than extravagant delicacies for his feasts. Valerius may have really wasted the two thousand pounds which he was supposed to spend every time he dined; did he in the same way waste the thousands he spent on his houses and ornaments? There is a clear difference between the "consumption" of Nero in burning down Rome as a mode of satisfaction, and the same Nero's "consumption" when he rebuilt his palace as another satisfaction. The "follies" of the extravagant Roman gluttons were very different from the "follies" of a Ludwig of Bavaria. The former destroyed masses of goods and labour, and the satisfaction

literally left not a wrack behind—except indigestion and disease. The latter “consumed” material and labour rather madly; but the extravagant palaces he built remain to be admired by many and used by a few. There is a double difference here, a difference in the stability or permanence of the satisfaction, and a difference in the artistic nature of the product. And to both these elements, the durability and the artistic character of the goods we cause to be created for our satisfaction, much importance is attached.

There can, however, be little doubt that the importance is exaggerated. If we examine the matter closely, we shall find, in almost all cases, that it is not the consumption of durable or artistic goods which we approve, but the fact that they are seldom really consumed. In other words, it is the *non*-consumption of part of their value which gives a praiseworthy character to the apparent consumption of most of them. If I build a house to live in, or buy a fine statue or picture to admire, or books to read, the “consumption,” we say, is far better than if I spend the money on perishable and inartistic dinners.

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Yes, no doubt ; because I do not, and usually cannot, myself consume the whole of the former goods ; when I have done with them, they remain for others to enjoy : *my* enjoyment has only consumed a small part of their value. It is this fact, coupled with the fact that the enjoyment, even if quite selfish, usually lasts a long time—they give a “solid” satisfaction, as we say—which explains the praise given to such modes of consumption. Alter this, and the praise is turned into blame. If I buy a good picture and bury it in a cellar or use it as a target ; if I buy books, and, like a certain eccentric Oxford don, tear them up as soon as read because *I* have got all I want out of them, then the verdict on my consumption is very different. That is to say, the blame or praise depends largely upon the completeness or incompleteness of the consumption. So far as they are really consumed, the consumption of durable goods is as wasteful as that of perishable goods ; and it must be remembered that so long as I keep the enjoyment of them to myself, so long the consumption of them is complete. It is less wasteful usually to *spend money* on a mansion or a

steam yacht or a motor-car ; still less wasteful to spend it upon a picture or any work of art, rather than upon some perishable goods ; because usually my enjoyment of them does not exhaust their value. Even my clothes, being durable, have a second-hand value, and are therefore less wasted than my cigars or my food. But to consume a mansion or a yacht is as wasteful as to consume several thousand pounds' worth of any other goods. If, having got my mansion built, I tire of it and pull it down, the consumption is complete—and the waste also. And in proportion as I leave it unused, the waste is great. The mansion and the yacht decay gradually—they consume themselves, as it were ; and the consumption is, of course, waste. A fine picture is consumed still more gradually ; but if it hangs on the walls of my empty house, it is being slowly wasted.

It is necessary to insist, even to the verge of tediousness, upon this waste of durable goods, both because economists have praised this form of consumption on rather superficial grounds, and because the public has a deluded notion about the utility of such consumption. We



shall deal in the next chapter with the possible good effects of expenditure upon durable and artistic goods as affecting the *production* of such goods and the occupation of the workmen ; here we deal only with the effects of the actual consumption of them, a matter seldom considered by the economist. Of the popular view, something may be said at once. It is often argued that expenditure upon a mansion or a yacht is good, even when the spender uses them little or not at all, because they are used and perhaps enjoyed by his dependents. The unused mansion may house the servants left in charge of it ; gardeners and their families may enjoy the gardens ; keepers the preserves ; and the crew will be able to live in the yacht. Now it is certainly a fortunate fact that the very rich, unable themselves to consume their own abundance of goods, are compelled to let part of the satisfaction pass to others. The grooms may get more pleasure out of the horses than the owner, the chauffeur out of the motor-car, or the gardener out of the garden. Often this is so, because the enjoyment consists in the use more than in the possession. And, further, this

spreading out of the satisfaction derived from the consumption of excessive wealth may be a mitigation of the waste involved. But this is only so when the satisfaction spreads to others than actual servants. It is a mitigation of my wastefulness if the clothes which I cannot wear out pass on to others who can ; if the carriage which I do not use is used (in my absence from home) by the coachman's family and friends ; if the superabundance of a big feast finds its way into houses which otherwise would be without the delicacies. So indeed the waste of Dives is always triflingly lessened by the fact that some of the crumbs find their way to Lazarus. But this overflow of the satisfactions of the wealth which a rich man cannot consume himself is a very different thing from the consumption of goods by his servants and retainers. The latter is always of the nature of vicarious waste, which is doubly wasteful. If I spend twenty pounds a week on food, I may not excuse myself by saying that my footmen eat most of it. If so, so much the worse, for it means that I am wasting both their services and the food they eat. I may be justified in consuming the services of a

certain number of persons if they are really useful to me ; I am in that case justified in consuming through them the food they require. But it is difficult to find any justification for the consumption of the services of servants who are little used except for show, or who are wasted in any other way ; or, consequently, for the consumption of the food which they eat while they are in my service. The consumption and the waste are both *mine*, and not theirs. They are my agents or deputies in the wasting ; I waste the food vicariously.<sup>1</sup>

Now this vicarious waste is what takes place whenever servants (or horses or any other "consumers") are maintained in any degree needlessly or uselessly. And the fact that such superfluous maintenance very commonly goes

<sup>1</sup> Vicarious waste is, of course, most commonly seen in the employment of servants or the consumption of goods for the sake, wholly or in part, of display. But it pertains also to the use of all services which are only partially used. If a man limits his servants to those whose services he really needs and uses, he at least gets the full satisfaction out of them himself, although the satisfaction derived from any servant after the first two or three is necessarily rather slight and of diminishing value. But when he employs them without fully using their services—when, for instance, he keeps them to tend houses,

with the consumption of durable or permanent goods, such as big houses, gardens, yachts, carriages, etc., is really an aggravation of the waste involved in these, and not a mitigating circumstance at all. If I have had built for myself a mansion or a steam yacht, and then go abroad leaving the one in charge of servants or the other occupied by an idle crew, the waste is so much increased. I waste—very literally—both their services and their food, and the house or yacht they occupy. I may not flatter myself that I am “benefiting” them by supplying them with house-room and food; or rather, if their gratitude induces me to think so, let me be candid enough to admit that I am “benefiting” them at an unreasonably heavy cost to the community. It would probably be better to pension them off, and let them find any useful work to

gardens, horses, etc., which he uses only occasionally or partially, then neither he nor any one else gets the full satisfaction out of them. He absorbs their labour-power, preventing others from getting the benefit of it and not really using it himself. In that case, not only the services and the product of the services, but also the cost of maintenance of the servants, are all alike wasted. And the latter waste we call vicarious, because the man does not consume the food, etc., himself, but lets his retainers consume it for him.

do anywhere else ; and then transfer the house and yacht to some one who will really use them.<sup>1</sup>

This argument, unpalatable as it is to most people, is the true answer to the popular notion we alluded to in connection with the defence of the consumption of durable goods. It is not likely to find favour either with the rich or with their retainers ; yet it will be seen to be a part of the whole argument running through our discussion of expenditure and waste. It is, indeed, one side of the argument by which we contradict the fallacy that wasteful expenditure is good for trade or industry, or even for those whose work and wage depend upon it ; and as such it will be referred to again in the next chapter.<sup>2</sup>

We have now considered the chief differences of kind which distinguish our various modes of expenditure.

Taking first the kind of goods consumed, we

<sup>1</sup> Such a transfer is at best a *pis aller*. The creation of a luxurious mansion or pleasure-yacht generally involves a waste which cannot be put an end to by handing them over to others, though the latter may use them better.

<sup>2</sup> It would be unfair to extend this argument to the upkeep of estates by many rich landed proprietors. Often such estates embody a set of conditions which belong to a past age ; they

have seen that there is only one difference of importance, namely, the difference which is determined by the extent to which a "fancy" value enters into the goods. It is no worse to waste food than to waste coal or clothes, or land or houses, or servants ; in each case the important element is the amount of life-power—labour and nature-power—which the goods embody. But many articles of luxury possess a value which depends less on the life-power embodied in them than in their peculiar adaptation to certain elaborations of fashion or of taste ; and the waste of these, though never negligible, is less important than the waste of goods which may be called more vital.

Turning next to the mode of consumption, we see that the one characteristic by which waste is really intensified is wantonness. But this is because the desire which prompts the consump-

are survivals of a quasi-feudal system ; and the landowner is obliged to continue the expenditure which his ancestors undertook for the benefit of retainers of various kinds attached to the estate. It may, however, be argued that these survivals are a mistake nowadays, as most anachronisms are. And even if the expenditure is necessary, it always involves some waste. Moreover, the necessity is often grossly exaggerated.

tion is wanton, and therefore dangerous in its tendencies. When this desire is present, the condemnation we mete out is rightly more severe.

Vicarious consumption, again, is seen to be peculiarly wasteful ; but this is because, contrary to popular opinion, it wastes not only the goods consumed, but also the proper services of the persons employed as "deputy consumers."

Now it will be noticed that, in all the common opinions on the subject of waste, the underlying basis is always an instinctive feeling that in some way or other the consumer is not, and cannot be, getting the "right" amount of satisfaction out of the goods consumed, either because they are not being put to their "proper" or "best" use, or because the enjoyment of them is too much confined to one or a few consumers. And this means that we are always trying to base our judgments upon some estimate of the amount of satisfaction obtained or obtainable from the goods and services. But, as we have no standard (except our own ideas) of what is the "right" or "proper" or "best" or "greatest" satisfaction ; as, further, we have no means of telling

whether any particular use, which seems unreasonable to us, is or is not really giving a greater satisfaction than a use which we might think better ; and as, finally, we usually judge by appearances, considering the final product and not the quantity of life-power embodied in it, it is hardly surprising that our verdicts are very often wrong. The disciples of Christ could not know the rare and peculiar "satisfaction" which resulted from the use of the alabaster box of ointment. Nor, perhaps, can we know the peculiar intensity of the satisfaction derived (occasionally) from the "waste" of flowers at a funeral. All we can say (in the latter case) is that it is a pity people should be so barbaric in their tastes as to crave that kind of satisfaction. But if the satisfaction is really the greatest possible that could be obtained from the goods, or from any equivalent outlay on goods, there is no more to be said. That disposes of our objection that the expenditure is wasteful.

The fact is that we are driven back upon our single test of the amount of satisfaction obtained, and of the amount of consumption or waste.



The former is settled by the order of our expenditure and the order of our wants, as explained in the second chapter. The amount of satisfaction is greater or less in proportion as the spender has already satisfied few wants or many; it therefore tends to become smaller and smaller as any individual's expenditure becomes greater.

The amount of value consumed or wasted is settled by the amount of life-power embodied in the goods and services consumed, as explained in the third chapter. Waste is proportionate to the amount of labour-power and nature-power expended on the production of the goods, or the amount of labour-power possessed by the servants.

These are the only tests. The mode of consumption and the kind of goods consumed are of little importance, unless, indeed, a difference in the one widens or narrows the extent of the satisfaction, or a difference in the other affects the completeness of the consumption.

## CHAPTER VI

### The defence of luxury.

WE are now in a position to sum up the argument. All consumption involves a using up of life, which, in the form of labour-power or nature-power, enters into all the commodities and services we consume. This using up of life is necessary within certain reasonable limits ; we cannot live without it. Beyond those limits the consumption is called luxury. But, as it is impossible to give a fixed definition to "reasonable limits," we were driven to choose another criterion ; and we gave the name of luxury to all consumption which is not compatible with the normal expenditure, upon one's self or one's family, of the average income of the individuals or families composing the community. We have now shown that this consumption, in proportion as it exceeds this limit,

tends to be a *wasteful* using up of life, the waste increasing generally with the increase of expenditure. The actual amount of waste cannot indeed be calculated at once from the amount of the expenditure; careful account has to be taken of the actual amount of goods and services obtained in return for money spent, and, to some extent also, of the way in which the goods and services are consumed. But, on the whole, we are justified in saying that, as any individual's expenditure upon luxury increases, so does that individual's waste of part of the life of the community tend to increase. In consuming more, he inevitably destroys more of the life-power and the products of life-power on which the whole community depends for the satisfaction of its wants.

But it may be objected that we have really begged the question of waste. We may be compelled logically to apply the term to any use of life which might otherwise have been employed to better advantage. But the use may, in various ways, be necessary or even salutary. Admitting that, when it passes at all beyond the limits of the average income, ex-

penditure upon myself involves the using up of means of satisfaction which could be more satisfactorily or vitally consumed by others, is it not nevertheless the fact that considerable inequalities of expenditure are both necessary and good? What we have called luxury is really the indispensable condition of progress, and plays an essential part in the whole economy of social and industrial life. Abolish it, and we abolish the greatest lever of progress, in art, culture, and all the means of increasing happiness which we call civilisation. Moreover, our arguments seem to have admitted this already. Have we not said that production depends upon consumption, and therefore that the demand for abundance and variety of satisfactions (the essence of luxury) is the motive-cause of the production of abundance and variety of goods? Why, then, inveigh against the possible waste of it? If waste of life is the condition of increased life (as it appears to be throughout nature), why complain that the process is an imperfect one?

The objection is pertinent, and it is clear that we must examine the defence of luxury before we can urge that luxurious expenditure should

be curtailed. Clearly, too, we must, as far as we can, divest ourselves of prejudice in discussing the matter. The whole question will be seen to resemble very closely the question of the uses and abuses of leisure ; and we all know that in that matter our decision generally rests on a preconceived notion of the social value of the leisured people whom we take as typical of their class. Whether we speak of cultured leisure or of pampered idleness is largely a matter of personal or class bias ; but neither phrase settles the question. So, in considering the uses of luxurious expenditure, it is essential to remember that the term refers, not only to the indulgences of the idle rich, but also to the sober and careful expenditures of all consumers who belong to the class of the well-to-do, and to part of the expenditure of many who are really poor.

The useful functions supposed to be performed by luxury and luxurious expenditure may be grouped under the following heads :—

I. The continual raising of the standard of comfortable or cultured life, and consequently the opening out for all of new vistas of possible satisfaction.

This result is brought about by—

- a.* The encouragement of art and the arts.
- b.* The encouragement of knowledge.
- c.* The encouragement of inventions.
- d.* The encouragement of trade and commerce.
- e.* The encouragement of enterprise and industry.

II. The establishment of security, by maintaining a sort of “fund of plenty,” or insurance-fund of wealth, upon which the community may subsist in times of emergency.

III. (Less important.) Many additions to the enjoyment of the poorer classes by bringing within their reach, or giving them a share in, enjoyments of satisfactions which they could not otherwise obtain.

These are the principal items in the defence of luxury. We will discuss them, as we have stated them, in the order of their importance.

I. There can be little doubt that, without considerable inequalities of spending power, or the power of obtaining satisfactions, we should never have advanced far along the path of invention. If in early times satisfactions had been

spread out evenly, no one much exceeding the limits accessible to all, it is very doubtful whether any society would have got far beyond the satisfaction of its most elementary needs. Progress and variety only begin after the elementary needs are satisfied; only the "luxurious"—those who are habitually above the level of need—are in a position to devise new satisfactions; and only by the example of *their* satisfactions are the new wants carried downwards to others in the form of a real stimulus and motive to exertion. If then we accept the interpretation of progress and civilisation universally adopted in the Western world, the argument in favour of *some* inequalities of spending power (and very considerable ones, too) is overwhelming.

But, both generally and in detail, there is another side to this. Progress and civilisation mean to us a multiplication of new desires, and a multiplication of the means of satisfying those desires.<sup>1</sup> To the former process there is no

<sup>1</sup> It is perhaps unfair to call this kind of progress the ideal of the Western world; but it is what most of us mean by progress, and expresses the principle underlying most of our practice. In the East, a totally different and far higher ideal is made explicit both in the beliefs and in the practice of some

limit ; but the latter is always strictly limited. Consequently, as was pointed out in a previous chapter, the progress of comfort and luxury involves progressive dissatisfaction side by side with progressive satisfaction. Further, it would be rash to say that new avenues of satisfaction, opened out by most luxury at the present day, are in any real sense progressive. Unfortunately, though new wants emerge when the elementary wants are satisfied, it need not happen that a new order of wants, or what we call higher wants, will appear. The satisfaction of the elementary wants is never really limited, though certain elementary forms of them may be. Hunger and thirst are soon sated, no doubt ; but gluttony and the desires of the gourmet or epicure, never. The need of clothing quickly reaches its limit of satisfaction ; but what limit

followers of the best religions—the Vedantists and some Buddhists, for instance. With them progress consists, not in the multiplication of desires and of satisfactions, but the exact reverse—the gradual limitation and final extinction of all ordinary desires, and a complete carelessness as to the material means of satisfaction. The same ideal is emphatically taught by the religion of the West, but not obviously adopted by most of its adherents. This subject is referred to again in the concluding chapter.



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is there to the fashionable woman's desire for clothes? Most of the endless luxury of the Romans consisted in elaborations of the satisfaction of four elementary wants—hunger, thirst, sexual desire, and vanity—all of which are found not only among savages, but far down in the animal world. Some of the luxury of to-day may put up a better defence, of course; all luxurious spenders are not gluttons, or licentious, or even inordinately fond of display, but it would be rash to deny that very much of it is quite useless as far as any real progress is concerned.

Let us turn, however, to the luxury of the better sort, which carries us beyond the elaborate satisfactions which are merely animal at bottom, and examine its effects in detail. In doing so, we shall of course be considering chiefly the luxury which consists in the all-round satisfactions of a high standard of comfort and good living, rather than the excess of special satisfactions (such as drink) which sometimes brings part of the consumption even of the very poor within our definition.

The most important of the special effects of

general luxury is the constant stimulus given to inventiveness and productive enterprise. From very early times the demand for luxuries has quickened the efforts of producers and manufacturers to supply those luxuries ; and an increase of inventive ingenuity has been the result. It is not always easy to say whether this desire for luxuries has played anything like as important a part as necessity and man's elementary needs. Every product of a new invention is a luxury at first ; we can seldom say whether it was created in order to satisfy the wants of the luxurious or of the poor.<sup>1</sup> We may assert with some confidence that the plough and the distaff were inventions mothered by necessity. But what of the invention of bronze, or, later, of Damascus steel ? Were these produced as a result of the necessity of having better weapons to fight with, or of a desire on the part of the rich and power-

<sup>1</sup> These are, of course, not the only alternatives. The part played by chance in all inventions must not be left out of account. But even so, the most important of the conditions of any discovery or invention or improvement is that some people's minds should be busying themselves over the matter. And this is not an affair of chance, but depends upon the motives existing at the time.

ful to have an article of special excellence? Again, which counted for most as a stimulus to the engineering inventiveness of the Egyptians—the demand of the Pharaohs for the colossal luxury of a pyramid-tomb, or the necessity of damming the Nile? We may imagine that the early workers in gold, the jewellers, the dyers of Tyrian purples, the makers of rare incense, and the like, all found the motive for their improvements in the luxurious demands of a Solomon or a Queen of Sheba. But this is not the case in modern times. The spinning-jenny and the mule, and most of the thousand and one inventions of the Lancashire cotton trade, have had their origin in the universal demand for cheap cotton goods; only a few are traceable to the desire for fine muslins. The steam-engine was invented to pump mines, and perfected to meet the necessities of transport, not to draw Pullman cars for luxurious travellers. The motor-car, it may be urged, has been first elaborated as a distinct article of luxury. That is true; and luxury may or may not have done us all a good turn by causing inventive minds to work out improvements in automobiles for the rich, until

they have arrived at the construction of motor-omnibuses for the poor ; but there is no doubt that the real stimulus to inventions in this industry will come, as in all other trades, from the requirements of the masses and not from the demands of the luxurious rich. And the former are not demands for luxuries. To travel in a motor-omnibus cannot be called a luxury—for more reasons than one ; it is a form of consumption within the means of every one. The history of the bicycle perhaps illustrates best the common course of inventions. At first it was brought out as a luxury and used as such. The demands of the consumers of the luxury led to improvements in the process of manufacture ; and soon the “good ” was brought within the reach of the average income, and so almost ceased to be a luxury at all. Then, with the enormously increased demand, improvements were more rapidly made, the supply increased, and the price fell yet further.

This example is typical of many, and illustrates also one of the common characteristics of one species of luxury. It was long ago asserted by the economist Rae that improvements in the

processes of production could never affect luxury—for the simple reason that luxury turned away from any article as soon as it became cheap, and therefore “vulgar.” So bicycles cease to be used by the rich as soon as, through better processes of manufacture, they become cheap enough to be used by the poor. But this fact, important as it is, applies chiefly to the luxury which consists in the gratification of vanity, and takes delight in conspicuous waste.<sup>1</sup> It does not apply at all to the mass of luxurious consumption which, by its mere amount, constitutes the comfortable luxury of the rich and the well-to-do. The luxury of vanity *must* have expensive goods ; it will not touch cheap ones. It rejoices in hand-made lace, chiefly because the amount of labour embodied in it is prodigious,<sup>2</sup> and the cost very high—though, by the way, the labour is shamefully underpaid. Lace made by

<sup>1</sup> Rae defined luxury as “the expenditure occasioned by the passion of vanity”—a very narrow definition. See his *New Principles of Political Economy*, 1834.

<sup>2</sup> Most women would dispute this. We are all apt to believe that it is the intrinsic beauty of an ornament which attracts us, and that alone. But the whole history of luxury shows this to be a delusion.

machinery may be almost indistinguishable ; but it will never satisfy the luxurious desire. What fashionable woman would take the same pleasure in wearing pearls if they were produced at a guinea a dozen ? But it is very different with the luxurious demands for comforts which are not ostentatious. These are not destroyed, but rather increased, by improvements in the methods of manufacture. No improvement of process or cheapening of product would stop the rich from using pneumatic tyres on their wheels—if these were still the most comfortable. Yet the element of ostentation and display enters so widely into all luxury that it is never easy to say what the effect may be. If a really perfect, and actually more comfortable substitute for fur were discovered and produced cheaply, or a really perfect and more durable substitute for silk, would these still be worn by luxurious women, or would they seek some rarer materials which poorer people could not use ? The answer is doubtful.

It must be remembered, also, in this connection, that the existence of a very rich or extravagant class has an undoubted tendency to

keep up the price of certain articles, and therefore to keep the enjoyment of them out of the reach of the bulk of the population for a longer period than is necessary. Economists have been too ready to assume that producers will vie with one another in constantly cheapening the goods they produce, in order to increase the number of buyers. But this may or may not happen. If a manufacturing company or group of companies finds that it can make a handsome profit out of the sale at a high price of a comparatively limited number of articles to rich people, and is not sure of a greater profit by selling more cheaply to a wider circle of customers, it will continue to sell the articles at the high price, even though it might be quite possible to cheapen them and so bring them within the reach of poorer people. If, for instance, I find that I can make a profit of £5000 a year by selling one hundred motor-cars annually at £500 each to rich customers, why should I make any effort to turn out double or treble the number at a considerably lower figure, selling them at a much smaller profit on each car, and realising as my total profit a sum no greater than the sum I am now making? As

it is, I make a profit of £50 per car ; I could perhaps cheapen the process of production so as to enable me to sell cars at £300 each with a profit of £15 or £20 per car. But, unless I am convinced that I shall not merely treble but more than treble my customers, it is not worth my while to do so. I would prefer to go on as I am doing. Sometimes, of course, competition compels the manufacturer to lower his prices as much as he possibly can ; but certainly not always, nor as soon as this might be done ; and even when there is considerable competition, only the absolute necessity of bringing the goods within the reach of a wider circle of customers will cause the producers to cheapen the process of production. So long as they have a market composed of a fairly large class of rich and extravagant buyers, out of whom big profits can be made, so long they will tend to be content with that market, and to produce the goods for it alone. And this tendency obtains, of course, especially in the case of all novelties, or new means of satisfaction, which thus tend to be kept for the use of the rich alone longer than need be.

The effect of luxurious expenditure upon art



is still more difficult to determine. Certainly no line of defence is so popular as this; but its value is very questionable. As in the matter of inventions, so here we may probably allow that *at first* the work of the artist or artistic worker is dependent upon or encouraged by the patronage of the luxurious rich. Obviously so, when the private possession and enjoyment of any fine work of art is necessarily a luxury, and yet the private purchase of it is necessary to the survival of the artist. I could not normally purchase a picture by a good artist, or buy hand-made lace, on an income of £200 a year. Unless there are richer people to buy these things, they could not usually be produced at all. Yet the matter is not all so simple as this. It may be urged—and the plea is a forcible one—that the patronage of the rich or powerful has, at many periods of history, been necessary to artists of every kind. When a single copy of a book cost many pounds, the poor poet could hardly write without a patron to buy his verses. When a good picture represents months or years of the painter's life, it cannot be painted unless some one will pay a big price for it. Could

Homer have sung at all without the patronage of the kings and courts of Greece? Could Phidias have put so much of his life into the Parthenon without the patronage of Pericles? Or Apelles have painted his finest works without that of Alexander? True, literature has now won its way free from the patronage of the rich, thanks to the invention of printing; and music also. A Wagner does not really need a Ludwig to take him up nowadays. But if the rich had not for centuries patronised the poet, and bought the books of the writer of literature, would the printing-press ever have been thought of? Moreover, not all forms of art can thrive to-day on the support of the average person; nor can most artistic handiwork survive unless luxurious consumers buy the goods.

There is certainly some value in this statement of the good offices of luxury. But it may easily be exaggerated. Without examining the fundamental motives of art as a form of self-expression, we may assert confidently that *private* patronage has merely been an accident in the history of its development. Most of the art of Greece, in

architecture, sculpture, painting, and literature, had its origin in the needs of religious worship, and depended upon the support of the people as a whole. The patronage of Pericles was not that of a private man, but that of the head of the Athenian State ; Phidias and his associates carved and built for Athens, and the Athenian people paid for the work. Indeed, it will be found that, during many periods of history, either the widespread patronage of the many, or communal patronage exercised by the community as a whole, has played a far more important rôle in the encouragement of art than the very limited private patronage of the rich, just as to-day it plays the chief part in the encouragement of literature. When private patronage has been supreme, the result has not always been specially glorious. It would, no doubt, be unfair to contrast a Propertius or a Dryden with a Sophocles or a Shakespeare ; if Mæcenæ befriended lesser lights, he did at least patronise Virgil and Horace too ; and the patronage which has been fashionable at some periods may be only accidentally connected with the literary output of those periods. But few would maintain that

the world is indebted to rich patrons for the work of its best writers. And, if we turn to other branches of the arts, such as painting and sculpture, it may be doubtful whether the big prices paid by rich individuals at the present day are the necessary condition of the production of the finest works of art, or whether they do not sometimes vulgarise it. Here also the tendency is towards communal rather than private support. Just as the finest literature is not dependent upon a rich man's fancy for books or for flattery, so the finest architecture is not now called into existence by a rich man's fancy for palace building ; the finest sculpture appears as a response to national or municipal demands for statues ; and even the finest painting is not really dependent upon the ability of a millionaire to pay £40,000 for a single picture.

Artistic work, in the sense of the products of skilled handicraft, raises very difficult questions. Without luxurious expenditure, such work as the making of lace could hardly go on. Sometimes the cessation might be no great loss, if the work is really sweated. But many other kinds of hand-work, which seem better and pleasanter

for the worker than the rather monotonous and deadening machine-work, appear to be equally dependent upon the support of the luxurious ; but for rather peculiar reasons. There is an increasing tendency for machine-production to supersede hand-production—a tendency which is almost altogether good for consumers, because it brings the means of satisfaction within the reach of hundreds of thousands instead of hundreds. Nothing can stop this tendency ; it is a result of that very spread of the demand for satisfaction which is one of the effects of the excesses of luxury at the present day. The demand of the rich may prolong the life of some hand-industries for a time ; and so far their “luxury” has a good effect. But the continued existence of artistic crafts is bound up with the whole stream of tendencies in the manufacturing world, and depends ultimately upon these ; nor can any one say whether the tendency points to the inevitable extinction of such crafts, or to their survival under different conditions. The hand-worker may exist in the future only as a pattern-maker or designer ; on the other hand, his field may be widened in one direction as it is narrowed in

another—independently of the continuance of excessive luxury.<sup>1</sup>

Over the encouragement of knowledge and science we need not dwell. It will hardly be maintained seriously that these depend at all nowadays upon any stimulus given to them by rich patrons or spenders upon luxuries, whatever may have been the case in the past. The rich are no longer judges or patrons of the results of scientific discovery. They have abdicated that function, without any marked injury to the advancement of knowledge. Endowments of research may still be made by the wealthy ; but this is not assistance given by them in their capacity as consumers. Even the huge fees paid by them to the surgeon or physician are not now the inducement to the medical profession to continue its discoveries, any more than the big prices paid for fanciful arrangements of electric

<sup>1</sup> Most people exaggerate the disappearance of skilled work. Though different from that of the old hand-workers, the work of most workmen to-day demands a degree of both skill and intelligence distinctly in advance of the past, and also involves less monotonous and deadening toil. Machine-production has improved the work-life of many producers, even though it has certainly debased some.

light are the stimulus to the electrician to perfect and extend the uses of electricity.

The encouragement of commerce, however, and generally of enterprise and initiative in the commercial world, calls for much more careful consideration. It has always been a commonplace with the economists, who on other grounds have deprecated luxury, that it has at any rate caused the uprising or the introduction of new trades and industries, and new articles of consumption, by which the whole community has been enriched and new means of satisfaction opened out for all. Without the demand for luxuries, our gigantic trade with the East would never have been begun ; hundreds of our thriving industries would never have taken root in England ; thousands of articles in universal use, from potatoes and rice and tobacco to soap and cotton and glass, would never have been known to the mass of our population. This is literally true ; and forms one item in the half-truth latent in the commonly accepted theory that "luxury is good for trade." But it can hardly rouse our enthusiasm to-day. As in the case of the arts, so in this, the encouragement given by luxury is

like protection of a different kind : it ceases to be necessary when the industry or the trade has passed beyond the early stages of its development. The necessity for it disappears in proportion as the socialisation of consumption advances. A very wide demand for goods at a low price is found to be a firmer foundation for trade than a limited demand at a high price. Just as it is the third-class passengers who pay the railway best, so it is the third-class customers who pay the trader best. The importance of the first-class consumers is rapidly dwindling.<sup>1</sup>

<sup>1</sup> The tendency of modern commerce is to make the market as wide as possible, and to reduce the price of goods in order to do so. It is the thousands of small customers who pay the best in the long run. Fortunes are more certainly made out of soaps and cocoa, and cheap oils and omnibuses, than out of furs and caviare and *trains de luxe*. A cash chemist or a universal provider prospers better nowadays than the shopkeepers who only cater for the rich. And this in spite of the fact that the rich are much more numerous than they used to be ; for the poor or moderately poor, who are nevertheless steady purchasers of many varieties of cheap goods, are practically innumerable.

An exception to this tendency towards cheaper prices and wider diffusion of goods has been noticed above, in the case of certain big articles, such as motor-cars, which may be kept at a very high price for longer than is necessary. But this fact was shown to be itself an argument against the plea that luxurious expenditure is good for the production of new articles.



To another aspect of the argument the same criticism applies. The stimulus given to the energy and industry of any kind of worker by the *example* of the enjoyments of the luxurious rich has been admitted as readily as the encouragement given to traders—and with far less reason. Even so sober an economist as Bagehot maintained, in defence of “the myriad comforts and splendours of the West End of London,” that “there is no greater benefit to the community than all this seemingly thoughtless enjoyment. It is the bait by which the fish is caught; it is the attraction by which capital is caught. To lead a bright life like that, at least that his children may lead it or something like it, many times as many as those who now live it spare and save.” Passing over the very doubtful implication that accumulations of capital and constant saving are the be-all and end-all of economic or social activity, we may assert at once that such praise of luxury is grossly exaggerated, if not totally false. The example of extravagant luxury is negligible as a social force; or rather, it works for evil, not for good. It may be an incentive to increased idleness and dissipation; but seldom or never a

stimulus to work, for the mass of the workers of the community. Example, like nature, *non facit saltum*: it operates from grade to grade of the social order, each class imitating and emulating the example of the classes a little above itself. It is never the example of the millionaire's luxury which makes a working man work harder (unless his "work" is that of Stock Exchange speculation); *his* stimulus is the example of the people just a little more comfortable than himself. The incentive to work or save is found in the everyday spectacle of a better state within our reach, not in the vision of the sour grapes of impossible extravagance. Not the waste of his rich master, but the comfort of his small publican friend, is the real stimulus to the butler's efforts and thrift; not the West End splendours, but the security and well-being of his small shopkeeping or householding neighbours, incites the artisan to work harder and improve his lot. Progress no doubt requires an upper and a lower in society, a richer and a poorer, a more and a less luxurious; this we will never deny. But it needs no extremes at either end of the scale. Our industrial

energy can very well dispense with the millionaire and the pauper alike.

We must return for a moment to one view of the effect of luxurious consumption upon trade. Certain industries or parts of industries are seen to be still wholly dependent upon luxurious expenditure. What would become of the court dressmakers and their employees if rich women simplified their dress? What of the trade of the footman, if no one had more than three or four servants? What of the jewellers, if jewels went quite out of fashion as an advertisement of the wearer's wealth and vanity? Inevitably there would follow great dislocation and distress if any such change took place rapidly. A sudden falling-off of luxurious consumption would produce effects as bad as are caused by the worst of the frequent dislocations due to the new discoveries or improvements in the methods of industry. But, as in the latter case, good effects would follow too. It has been said that the money habitually spent in cutting diamonds would in ten years, if applied to cutting rocks instead, leave no dangerous reef nor difficult harbour round the whole coast of Great

Britain. This may be an exaggeration ; but it is certainly true that, if much of the labour wasted on the production of luxuries, which give but a trifling satisfaction to the consumers, could be turned to the manufacture of more needed goods, there would be no poverty and no want in the country—except such as is caused by the individual's own folly or vice. Herein lies the gigantic waste of luxury ; and it pertains equally (though not in equal degree) to the luxurious extravagances of the poor as to those of the rich. The waste of labour and of the means of satisfaction involved in the excessive consumption of drink alone is seldom realised ; indeed, as in the case of other kinds of luxury, it is even regarded as a palliative of the excess rather than an additional ground for condemnation. That the drink traffic “gives employment” to upwards of a million people, exclusive of the thousands of farmers and others who grow the hops and barley, is considered, even by some of its bitterest enemies, as a partial counterpoise to its injurious effects. The exact reverse is, of course, the case. The evil of drink is terribly aggravated by the fact that it necessitates the

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destruction of the labour of one-twelfth of all our workers, and consumes an amount of corn equal to the total annual harvest of Scotland. We need not take an extreme view and assert that all this labour and corn is wasted. Let us suppose that half the drink consumed gives a satisfaction which is "worth while"; in that case half the labour and corn is not wasted at all. But the waste of the other half remains, and can hardly be disputed even by the most vehement opponents of total abstinence.

We have said that a sudden diminution in the demands of luxurious consumers would result in great hardship for those whose occupation it is to supply the luxuries. But there is little fear of any sudden access of self-denial such as would lead to a dislocation of established industries. Were there any danger of this, we should be compelled, in our present state of complete impotence in the face of quick changes in trade, to deprecate the abandonment of the present wasteful expenditure upon luxuries, except by slow degrees. Let it be remembered, however, that this very expenditure has now a most disastrous effect upon industry. The capricious

shiftings of fashion and of taste are among the most potent factors in industrial dislocation and distress ; no demand is so unstable as the demand for satisfactions of whims ; that is, extravagant luxuries. It is to this that much of our industrial wreckage is now due. We might, then, welcome a diminution in such demands, even at the risk of some dislocation of trade, when there is the certainty of more general satisfaction and more stable industry as the result. The fashionable dressmakers, the jewelers, the superfluous servants, cannot in a moment be changed into makers of more needed clothing, or blasters of rocks, or growers of corn ; but a change can and must be made eventually, in the interests of the needs of the great majority. With all sympathy for the ministers of extravagant luxury, we must assert that the world would be better, not without their services, but with their services turned to better uses.

We may pass on to notice some of the less important counts in the defence of luxurious expenditure. It has often been maintained that, by its means, a kind of "storehouse of labour" has been formed, which, in time of emergency,

is turned to public service or to the necessary support of the labourer. It is clear that this defence, and the facts which give it plausibility, belong to a past age. Until recently the idea of a storehouse or a stock played a very prominent part in the conception of wealth—and still does so among ignorant people. Before the rise of modern industry there was much justification for this conception. At one time a stock of flocks and herds, at another a stock of corn, or later, of gold and silver and precious stones, did indeed constitute the wealth of a nation, as of individuals, in a very marked degree. And in those times, the stock of valuables which luxury amassed in the shape of costly ornaments, clothes, or jewels formed an important part of this fund of security for the whole people. It could be turned into consumable goods, especially food, at any time of emergency.

But we are gradually purging our conception of wealth of the idea of a stock or storehouse or fund. In the modern manufacturing world, when the production of wealth depends more and more upon the increasing rapidity with which goods are destroyed in order to give rise to other

goods—when the creation of wealth consists in extraordinarily quick alternations of the death and resurrection of goods, and when most of the entire wealth of a prodigiously rich country like England is produced anew every year<sup>1</sup>—it is clear that our notion of wealth and of security or insurance has to be recast. It is true that a large part of our wealth consists in comparatively permanent forms of capital, such as roads, railroads, bridges, buildings, and machinery ; but these are not convertible into consumption goods, and form no fund of labour in the old sense.

<sup>1</sup> “The greater part, in value, of the wealth now existing in England has been produced by human hands within the last twelve months” (John Stuart Mill). This of course applies only to wealth expressed in terms of value—exchangeable wealth, that is ; not to “rearrangements of environment,” such as roads, which form a very important part of the wealth of any community. But even if we include these, Mill’s statement is not far wide of the truth. Putting on one side the land, which is of course a permanent form of our wealth, the total capital wealth of England may be valued roughly at eight thousand million pounds. This is not much more than four times the total annual income or produce of the country, which probably amounts in value to seventeen hundred million pounds. So that the total capital wealth does not represent much more than four years’ labour of the population—a rather startling fact for those owners of capital who are accustomed to regard their holdings as worth twenty-five years’ purchase.



The true wealth and the true insurance fund of a nation now consist chiefly in the labour-power and the nature-power it possesses, and its ability to use both to the best advantage. The stock of luxurious belongings is an almost negligible item—as is the stock of gold and silver, except as part of the machinery of commerce.

It may still be maintained that luxury often provides a fund of insurance for the individual. To put this crudely, so long as I have jewels and costly goods in my house, and there is a pawnbroker near, so long I may consider myself raised above the fear of the workhouse. That is of course true, for me. But the fact has very little social value. Luxury does not create or maintain a fund available for social uses.

The modern form of this defence is far more sensible, but belongs to a part of the argument which we have already considered. It may be said that the maintenance of a luxurious standard of living raises a people to some extent above the fear of want. Certainly the rich nations are further removed from famine than the poor ones. Yet it may be doubted whether this argument is worth much. A high standard of comfort, if

widespread, denotes habitual enterprise and energy on the part of the people possessing it ; they tend to work ahead of their needs ; and *that* is their security. How far excessive luxury contributes to this result we have already considered.

Finally, we turn to the argument that the rich, by their luxurious expenditure, contribute to the enjoyments of the poor, by bringing within their reach satisfactions which they could not otherwise enjoy. This defence is worth noticing, for it suggests one of the reasons why the poorer classes praise lavish expenditure on the part of the rich. Most of this praise, as we have seen, both in the case of the shopkeeper and of the poorer workers, results from the fact that the latter *must* in some way get possession of the claims on satisfaction of which the rich hold the greater share ; and the most obvious way of doing so is to encourage them to transfer their claims by spending money. The more lavishly they spend, then, the better, so it seems to the seller of goods or of services. But another cause of the praise of lavish expenditure, and the condemnation of "meanness," is the popular

idea that, by much of their spending, the rich really put enjoyments within the reach of the poor.

One often quoted instance of this is the supposed fact that the first-class passengers on a railway help, by their greater fares, to pay for the travelling of the third class. For this reason it is considered mean of a rich man to travel third. But it has been shown often enough that the opposite is the case. It is the third-class passengers who help to pay for the first; and the latter travel to some extent at the expense of the former. Their extra comfort is paid for partly by the poorer passengers, for their travelling does not pay the railway. They consume more than they pay for.

A much more plausible instance is afforded by the high payments of the rich for their seats at the opera or theatre or other entertainments. Surely it would be impossible for the gallery to listen to a Melba or a Sarah Bernhardt, if the occupiers of the boxes and the stalls were not willing to pay nearly the whole cost of the entertainment. In this way at least they pay for the enjoyments of the poorer classes. At the

moment, yes ; but even this defence will not stand scrutiny. When the "services" of famous performers cost so much, people with small incomes could seldom hear them at all unless the more luxurious rich paid most of the bill. But the cost is high just because the latter are able and willing to pay so much. It is the extravagance of the rich which has made the cost of the artists' services so exorbitant. In a less luxurious country equally—or almost equally—good opera may be listened to in comfort by quite poor people. The scale of payment of the singers is low, since the standard of expenditure of the rich is comparatively low also. But in a country where the standard of luxury is extravagantly high, all services tend to be dear ; it is the fault of the rich spenders that it is so. Consequently, what luxury has done is just this : it has first made the cost of many performances prohibitive, for ordinary consumers ; and then, by paying this prohibitive price, has made it just possible for a few of the non-luxurious to "enjoy" in discomfort what they would otherwise have been able to enjoy in comfort. The benefit is not obvious.

There is, however, one kind of luxurious expenditure which can claim the defence we are now discussing. Medical attendance by the best physicians and surgeons is a luxury for which a high price has to be paid. By paying this, the rich do undoubtedly make it easier for the doctor to devote part of his time to a hospital or to attend poor patients for nothing. But the payment for this luxury is a peculiar one. Medical attendance is a "good," or rather a "service," of which the price varies admittedly according to the wealth and position of the purchaser. The payment, therefore, is of the nature of a tax, assessed according to income by the doctors; and the rich are highly taxed in order that the poor may not be excluded from the benefits altogether. It is thus not very different from the tax which ratepayers pay for the upkeep of infirmaries. Possibly, too, the best doctors would find time to attend hospitals even if their richest patrons ceased to exist. Nevertheless, we may admit frankly that the consumption of this particular luxury can put forward a defence which is not open to other forms of luxurious expenditure.

Finally, there is the argument that out of the material amassed by the luxurious for their own enjoyment is drawn much of the support and of the pleasure of the poorer people who are their servants. But this has been examined fully in the last chapter. We there saw that, though the houses, gardens, horses, carriages, yachts, game-preserves, and so on, do undoubtedly give more satisfaction often to the servants who use them than to the owners who have more than they can use, nevertheless this does not in any way detract from the waste. It is some mitigation of waste that crumbs fall from the rich man's table and feed the poor at his gates ; but it is not so in the case of his servants and retainers. The food they consume, and the pleasures they obtain from the use, whether proper or improper, of his goods, are merely a recognised or unrecognised part of the payment made for their wasted services. Their enjoyments are an index to the amount of the waste of luxurious consumption, not an argument in its defence.

We may now sum up the conclusions reached in this chapter. We have seen that the enjoy-

ment of luxuries by the few has been, in the past, an indispensable condition of progress for the many—though it may perhaps be doubted whether the current conception of progress does not need considerable modification. In the same way the example of luxurious enjoyments has at all times afforded an incentive to effort on the part of those who are not yet in a position to obtain them. But in neither case do we obtain any argument in support of excessive luxury at the present day. Moderate degrees of inequality of enjoyment are all that are necessary to progress ; the example which really has force as a stimulus to effort is the example of satisfactions only a little beyond our reach.

Again, we saw that the existence and growth of many of the arts, industries, and handicrafts, which form so valuable a part of our civilisation, have really been dependent, in the past, upon the patronage of luxurious spenders. But the force of this defence tends to become much less as civilised life and industry advance. Just as the demands of the many small purchasers become increasingly the real basis on which successful industries rest, so the demands of

the very rich lose their importance as the condition of the prosperity of arts and crafts. The patronage of the few rich gives place to the patronage of the many comparatively poor, either in the form of their direct consumption of goods and services (as in the case of the products of literature), or in the form of communal patronage, that is, of patronage given by the nation or the municipality. The function of the rich patron is fast disappearing.

Of the encouragement of science this is even more literally true. The support of wealthy consumers is now probably quite unnecessary to the growth of knowledge and discovery.

The encouragement and support of particular trades, which minister directly or indirectly to luxurious consumption, present more difficulties. We saw, however, that the real danger of a cessation of such support lay chiefly in the danger of the dislocation and distress it would occasion for the time being, not at all in the danger of ultimate loss to the community.

Less important arguments in favour of luxury we found to be almost wholly without validity. The continuance of excessive luxury does not



benefit poorer consumers, either by insuring them against times of emergency, or by bringing satisfactions within their reach which they could not otherwise enjoy.

The general conclusion may be stated very briefly in this way. Luxury and luxurious expenditure have undoubtedly performed a necessary function in the past. In some departments of modern life and industry this function is no longer necessary. In others it still needs to be performed ; but the performance does not now depend upon any excessive private expenditures, nor upon any extremes of luxurious living. It may safely be left to the more widespread expenditure of moderate amounts, and to the more general but less excessive enjoyment of luxurious satisfactions. The patronage of the rich consumer is seldom needed at the present day ; the lavish consumption of rich individuals is not needed at all.

## CHAPTER VII

The limits of individual expenditure.

WE now reach the most difficult question of all : What ought to be the limits of individual expenditure? The difficulty is an obvious one ; the question brings us face to face with new moral issues with which our consciences are almost totally unaccustomed to deal. There is, of course, no doubt about our *right* to spend whatever we possess. To say that we have such a right, in the strict sense of the word, is merely to say that our society allows us to use the claims or powers which it allows us to hold. And in a wider sense than this, we have a right to spend our money as we please. The honest conviction of good people, who have not yet realised what expenditure and consumption of wealth may involve, allows the right both to themselves and to others, with no limitations upon spending

other than those which common sense imposes by its repugnance to wantonness, obvious misuse of goods, and gross self-indulgence. But any one who agrees with the arguments put forward in the previous chapters will find himself compelled to reconsider his position. There is a moral side to all the spending of money, as to the making of it, which has hitherto been little noticed. But when once recognised it cannot be neglected.

The social conscience, and especially the conscience of the rich, ought to be more sensitive to this than it is. The significance of expenditure and of the enjoyment of wealth both widens and deepens the conception of right and wrong, opening out a new field of obligations and suggesting a new content for our notion of "duty to our neighbour." Ought I to go on spending £2000 or £5000 or £20,000 a year on myself and my family? The expenditure has seemed innocent, if not positively praiseworthy, hitherto. I have fancied myself something of a benefactor, who "employed" the working classes and "caused money to circulate." Now I see that these phrases are a cloak

for delusions. They must be translated into a different language, which tells me that I have been wasting the labour and life of workers, and exercising claims upon the common stock of enjoyments which the community cannot afford to grant. My duty to my poorer neighbours includes more than I thought. I may not go on injuring them by destroying thoughtlessly the life-power which they need for themselves, and adding to my superfluous satisfactions which they cannot do without. What then? Am I to cut down my expenditure to the lowest possible limit, or at any rate to the limit of the income which might now be within the reach of all? Ought I and my family to try to live on £200 a year—the average income of the community, which we may all spend without being luxurious?

This seems to be the only logical conclusion. To be perfectly moral, to obey the true imperative of all duty—"So act as that thy conduct may be taken for a universal law for all others"—I must not go beyond the level of satisfactions accessible to all. Whatever my lawful income may be, whatever "rights to enjoyment" society may grant me, logically my moral

duty is to live upon £200 a year, and no more.

It is well for some of us that logic does not determine the law of life. We have insisted throughout this book that a logical equality cannot be taken as an ideal of social life. The rule of the utilitarian principle of the happiness of the greatest number—that every one shall count for one, and nobody for more than one—is superficially very plausible, and actually very false. It might be applied to our expenditures if all the “ones” were identical units. But they are not. And if diversity of individual lives and powers is to be accepted as a fundamental principle, it must be admitted, within reasonable limits, in the matter of enjoyments and satisfactions. We have already pointed out that the inequalities of “luxurious” expenditure have in many ways been an aid to progress in the past. It may be well, however, to state here some of the reasons why the rule of equality should not be applied to expenditure, or rather, why we should not insist upon every one keeping within the limits of the average—just because it is logical.

First, the sum of £200, the amount of the

average family income, does not represent what might and should be the average amount of satisfaction, if the distribution of wealth were less unequal. This is a difficult matter to explain ; and the explanation can only be suggested here. We have seen that, at present, one-eighth of our population absorbs nearly one-half the income of the nation, and therefore, one-half the means of satisfaction. How much of this half is wasted, in consequence of the diminishing returns of satisfaction, we cannot say ; but we know that an enormous quantity is wastefully consumed. Given a better distribution, the waste would be less, and the total amount of satisfaction greater. That is to say, each pound of income spent all through the nation would represent a greater quantity of satisfaction obtained, and the expenditure of the average income—£200—would represent more than it does now. We may put this in another way. We hardly exaggerate if we say that half the workers in the country are now giving the whole of their labour to produce luxuries for the rich and well-to-do (the one-eighth referred to above). The other half are giving the whole of *their*

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labour to produce the necessities for both themselves and the first half. We may assert confidently that very much of the labour of this first half (the luxury producers) is wasted—again according to our principle of diminishing returns of satisfaction. And we may therefore go on to conclude that the existing productive power (labour and nature), if better used, would produce a higher average of real income for all; that is, an amount of the means of satisfaction (goods and services) in excess of that which an income of £200 a year will now produce.

The socialist or communist is right, then, at any rate in this, that, even without any increase of productive power, the average incoming of satisfactions and the means of satisfaction would necessarily be greater than the average income now indicates, if the distribution of wealth were less unequal. Perhaps £400 a year per family would represent this more nearly than £200.

Secondly, any very close approximation to equality would involve the sacrifice by every one—the actual extinction, in fact—of many of the means of satisfaction which we cannot afford to lose. We have seen that the uses of luxury, its

value to industry and progress, are often exaggerated. But the luxury which is neither wanton nor excessive, nor merely an elaboration of unprogressive satisfactions, is both useful and necessary. Neither the universal demands of poor customers, nor the communal demands of a municipality, can yet take the place, beyond a certain point, of the individual demands of rich or moderately rich consumers. Abolish these, and though we should keep our cheap soaps and oils, our motor-omnibuses and trams, our public libraries with their books and our public galleries with their pictures, we should lose entirely a host of the goods and services which, by ministering to refinement, culture, and good taste, undoubtedly raise the standard of life for all. If all were poor, these would find no buyers, and would disappear.

Thirdly, a strict attempt to spend "equally" would, in another way, result in a waste of satisfaction. Differences in the right to enjoy and the capacity to enjoy are implicitly denied by those who would insist that equality of spending power would give the best results. The importance of these differences is discussed below.



We have indicated some of the reasons for refusing to accept the rule of equality. The limit of £200 a year may be exceeded, and larger and smaller incomes must be allowed, within reasonable limits. But this brings us once more to the difficult question : What limits are reasonable? We cannot leave the matter here. Every citizen may agree that there should be a reasonable limit, and at once decide that his own limit is reasonable, whatever it may be. Aristotle elaborated a theory of ethics from the principle that "the mean" is always right; and the mean is to be decided in each case by right reason. But his principle merely summed up common sense in a phrase, without guiding it to anything new. A man with £10,000 a year and a man with £1000 may each endorse heartily the sententious maxim of Robinson Crusoe's father, that "the middle estate is always the best." But each will continue to spend his income and even strive for more. We must define our limit somehow, or at least suggest some considerations by reference to which the individual may define the limit for himself.

Let us first see how far we are carried by

right reason applied to the facts of individual diversity. The differences between individuals which now exist and may be regarded as permanent in some form or other may, for our purpose, be confined to four :—

1. Differences of desert or merit.
2. Differences of occupation or duty.
3. Differences of status or position.
4. Differences of power of appreciation or of use.

1. The difference of desert can never, unfortunately, be determined accurately ; and, if determined, would be by no means decisive of the right to spend. We cannot say what amount of income any individual is *worth*, though we can say confidently that many are not worth what they possess. It is a delusion to think that competition sifts people into their true order of merit ; equally a delusion to imagine that, competition abolished, any really trustworthy system could be substituted. The value of services cannot, as many Marxian socialists have believed, be reduced to simple units of ordinary labour, and so compared and measured. Even

the ostensible and professed work of any individual is difficult to value. The effects of it are too complicated and ramified ; we can never tell how much society would lose by losing them. It may be that something would be lost if we abolished the work of the financial gambler or mere speculator ; as things are—that is, so long as the movements of industry and commerce are, as a whole, quite unorganised—we should certainly feel a loss. And for the valuation of the services of “necessary” workers there is no standard. Why is a good cook paid more than a good nurse or a nursery governess ? Is her work really more important ? Why are the services of a prime minister rated so low as £10,000 a year ? Why are a school teacher and a bricklayer paid about one-hundredth part of this, and an agricultural labourer a smaller fraction still ? The pay is certainly not a measure of the social value of the work of each. Custom has largely determined their rewards, and the status of each largely determines what scale of reward shall be within his reach. All we can be quite certain of is that the system is not a fair one. J. S. Mill was not wrong in his asser-

tion that the more arduous and the more disagreeable (we might often add "the more necessary") the work, the lower is usually the rate of pay.

If the professed services are hard to value, what of the services which are rendered in less direct ways by the life of each? Drones have some function to perform, and some of them perform it. An idle man may even do us a service by the exercise of his cultured tastes, and a well-dressed girl or woman who has never "worked" may, as Ruskin would have had it, confer a favour by being beautiful. But we must leave it to each individual to assess the value of his or her services; and so the rich are likely to go on "deserving" their riches—until the next world, when we have reason to believe a different system of valuation will be applied.

Some have sought to set an arbitrary limit to any one's deserts. But the dictum of a hard-working man—that no one is worth more than £500 a year—hardly settles the question. It is merely an opinion as to what limit is advisable in the interests of the common welfare. There cannot really be any doubt that the life-work of

some men is worth many thousand times as much as that of others, and should, on the principle of deserts, be rewarded at an indefinitely higher rate.

It must be remembered also that the question of deserts, even if decided, could not settle the question of the moral right to spend. An oil king, a railway magnate, a company promoter, may all be worth the money they make. It may still be indisputably wrong that they should spend it. Nevertheless, it is possible to make some use of the principle. The honest scrutiny by each of us of his or her own deserts—of our social worth, in fact—may give some guidance to the individual conscience. Those who are living, wholly or largely, on “unearned” incomes (incomes from investments of any kind), may at least feel that there is, so far, more reason for them to limit their expenditure than for those who are actually earning what they spend. The latter are at any rate giving back life in return for the life they consume. The former *may* be doing so too; for we cannot class as idle the people who, having no profession or work, give their services to any cause or department of effort which aims at increasing the general good. But

even for the earners of big incomes, this consideration of their worth is only one among many. We must seek for other grounds on which to decide the "rightness" of expenditure.

2. Differences of occupation offer a much firmer basis on which we may justify differences of expenditure. But the word occupation must be taken in a strict sense, as including only the work or duty we perform as useful members of society. This does not mean merely our professional work, or what we do for a livelihood, but anything else we may do or try to do of which we can honestly say that it is useful for the community or a benefit to others. It will include, therefore, the occupation of the wife or mother as well as that of her working husband; of the student of research and the philanthropist as well as of the paid or unpaid doctor and the politician. It will include also the occupation of the sister in a convent who spends her days in prayer, and that of the holy man who devotes his life to meditation—though the expenditure of these is not likely to require any justification.

Now the variety of occupations in this sense is almost infinite; and it is the duty of each man

and woman to make himself or herself as efficient as possible for the occupation chosen. But this efficiency demands very different amounts of expenditure in different occupations. To maintain his efficiency the Prime Minister *must* spend more than the bricklayer ; the professional man more than the labourer ; the head-worker more than the hand-worker ; the educated woman with many complicated duties more than the factory girl with comparatively simple ones. I am far from arguing that the true efficiency of the labourer or the labourer's wife does not demand more than is usually spent upon it, or that the efficiency of a duke or duchess might not be maintained by a far smaller outlay than is customary. But the fact is undeniable that, just as kinds of efficiency vary, so the amounts of expenditure necessary to preserve the efficiency must vary also. And herein we may find some sort of test of the rightness of our expenditure.

The drawback is that the test can never be anything but vague and indecisive. There is no standard by which to measure the requirements of efficiency ; the assessment must be left, as in the case of deserts, to each individual conscience

to determine. Each of us may persuade himself that the maintenance of his efficiency demands a very peculiar degree of comfort and luxury ; who shall prove that it is not so ? Once more then we must leave the matter to the individual conscience, in the hope that here and there people will be found honest enough to decide that their efficiency does not really require the habitual consumption of excessive amounts of the services and goods supplied by the labour of others.

3. Differences of position or status may also be assumed to be permanent. In a perfect society they would, like wages, be determined by deserts. In society as we know it, they are determined, as income is, largely by accidents. Luck or our destiny decides the position of comfort or discomfort, of power and opportunity, or comparative impotence and absence of opportunity, into which we are born. There is usually no great merit in maintaining our position, since the social order often maintains it for us, provided we are not egregious fools. It does not require any peculiar ability or worth to keep an income derived from inherited estates or capital,



or even to jog along in a profession in which we have been "placed." Nevertheless, position or status is a fact, and an important one; and differences of position are needed, though we may hope to find eventually a better system of determining how they shall be allocated. Granting this, and recognising that, until we arrive at a better system, we must work with things as they are, we shall be prepared to allow for some difference of income for existing differences of position. Those who are born in the purple have some kind of customary right to wear purple. It would be unwise to insist that they should be clothed in drab. To deprive people of most of their customary comforts and conveniences, in order to transfer them to others, would probably involve greater loss of satisfactions than gain.

It may be admitted that the argument is not a strong one; and such as it is, it depends upon the differences discussed in the next section. Especially it should be remembered that much of the expenditure supposed to be necessitated by the duty of maintaining one's position is quite conventional, and represents little real satis-

faction. Like the money spent upon keeping up appearances, it involves a waste which is often very pitiable. But when the expenditure demanded by one's position means the maintenance of a certain standard of living which may be called more cultured or refined than the average, then it may, within limits, be justified. A progressive society *needs* differences of standard of life and scale of living, provided the life which is lived on the higher scale is made up of elements which are vital and not trivial. The standard of the epicure or fashionable woman or the idler who lives for amusement is not worth maintaining. The standard of a refined man or woman who uses both means and leisure well, may be. Ruskin is not far from the truth when he defines wealth as the possession of valuable things *by the valiant*—or by those who know how to use them.

4. This phrase of Ruskin's gives us the clue to the importance of the fourth element of diversity, the differences of capacity to enjoy, or of power to use well, the means of satisfaction which wealth affords. Once more we may assert that such differences can never disappear; and

once more we must add that they do not agree with the existing differences in the command of wealth. The present possessors of valuable things are not invariably valiant. Yet perhaps the differences of capacity to use and enjoy wealth are a little more nearly related to existing inequalities of income than are the differences of merit or of position. This must not be taken to imply a close or necessary relation. It is often hard to believe that a rich man or woman has more than a very crude capacity of enjoyment or appreciation. But when the power to use wealth well is present, it justifies some inequality. This "valour," in fact, or the power to use wealth well, may be said to represent the value of the individual as a consumer, just as desert or merit may be said to represent his value as a producer (in the widest sense). And the two values together form the basis of the right to possess and use wealth. A perfect distribution and a perfect consumption of wealth would rest upon the principle of apportioning income both according to our deserts and needs as producers, and according to our power of appreciation and use as consumers. How to combine the two

qualifications may be a problem beyond the ingenuity of man to solve. But both must be taken into account in discussing an ideal distribution.<sup>1</sup>

It is not necessary to consider in detail the imperfections of our present distribution of wealth, regarded from the point of view of "valour" or consumer's value. To say that many rich and well-to-do people spend their money tastelessly, vulgarly, and wastefully, is to assert a commonplace. The fact is proclaimed aloud in their homes by the vulgarity of useless ornaments and ostentatious ugliness, and in their lives by the neglect of pleasures which are pure and simple, and the preference for pleasures which are crude. Their waste of wealth stands out prominently enough by the side of the scrupulously careful and good use made of much smaller amounts by some of the poor. Which, for example, most deserves to be the possessor of valuable things, the rich man whose power to

<sup>1</sup> The rule of communism—from every one according to his ability and to every one according to his needs—is in flat contradiction to one half of this principle, and in rather dubious agreement with the other half.

travel and enjoy the culture of travel is used up in frequent journeys to Monte Carlo, or the working man who saves for years in order to see Rome? Yet it would be foolish to infer that the poor have more capacity of appreciation than the rich. The reverse is the case—and necessarily so. For one poor man who wants to see Rome, you may find thousands who much prefer Margate or Ostend; and perhaps we may say that for one rich man who prefers Monte Carlo (not for its scenery but for its Casino), you may find ten who prefer the scenery of the Alps or the architecture and art of Italy. And this bears directly upon our question of the limits of variation of income and expenditure. Taken generally, no one will seriously deny that any attempt to bring very low incomes up to the average too suddenly or quickly would involve a dissipation of the means of satisfaction which would be altogether bad. Power of appreciation, and therefore of satisfying wants sensibly, is largely a matter of habit and education, as well as self-control. We may insist that ninety-nine hundredths of the poor or very poor might receive a considerable increase of income with very great advantage to

themselves and every one else, and yet maintain that it would be unwise to increase their income—for the present—beyond £2 a week. In the same way we may insist that ninety-nine hundredths of the rich or very rich (who are presumably educated) might have their incomes reduced considerably with very great advantage to themselves and every one else, and yet maintain that it would be unwise to reduce them below £2000 or £3000 a year. And in each case the word “unwise” may be taken to mean “involving a serious loss of total satisfaction.”

There is, of course, a great deal of nonsense talked about the inability of the poor to spend satisfactorily more than they have; it is an undeserved insult to most of them to imagine that their chief satisfactions consist in drink, laziness, or wasteful indulgence. There is just as much nonsense talked about the inability of the rich to live happily on much less than they have; it is an undeserved insult to some of them too to imagine that their chief happiness consists in excess of comfort, ease, and extravagant pleasures. But this is no argument in favour of a strained equality. It points to the wisdom of

doing anything which may lead to a better distribution of the means of satisfaction, and the duty of making one's individual expenditure conform as honestly as possible to the real requirements of one's "valour" as a consumer.

We find ourselves reduced to a rather impotent conclusion. We set out to discover what is the limit of right expenditure ; instead, we have merely succeeded in showing what is not the limit. The argument has throughout been more negative than positive. We have given reasons for concluding that the absolute standard of equality or of the average income cannot and should not be applied, alike in the interests of fairness, progress, and the possibility of obtaining the greatest total satisfaction. No one, therefore, need run away with the idea that he is called a wrong-doer if his expenditure exceeds £200 a year. But when we leave this absolute standard we find no other definite test to apply. We are compelled to leave it to the individual conscience—a very tricky umpire—to decide how far each is justified in exceeding the average expenditure of the community. For this purpose the standard of the average income—our

test of luxury—gives each individual a point of reference for his reasonings. He cannot be justified in travelling an indefinite distance beyond it. No arguments drawn from deserts or requirements of efficiency or powers of appreciation can justify the selfish expenditure of the millionaire or of the idle rich or of the very rich. And it is perhaps hard to find satisfactory justification for any expenditure exceeding three or four thousand pounds a year. But an individual may very well be justified in spending some way beyond the average. The luxury which begins as soon as the average is passed is clearly not all wrong. But we can assert very positively that it calls for scrutiny ; it requires justification, and increasingly so as it increases. It is never a matter of indifference to the community ; it has always a moral significance. And the only rule of safety is that we should err on the right side, looking with suspicion on the satisfactions that are costly, and choosing those which, because they cost less, also waste less of the life of others.



## CHAPTER VIII

### The disposal of surplus income.

THIS chapter makes appeal to a very select circle of readers. Most of us are so completely the slaves of custom and convention in the matter of spending, that it seems rather futile to hope for any alteration of the ways in which money is spent, or any voluntary reduction of the amount of personal expenditure. It is one thing for a rich man to admit that more equal distribution of income would be beneficial ; but it is quite another thing to admit that *his* income shows a surplus to which the principle of more equality ought to be applied. And, given this admission, it does not follow that he is open to suggestions as to the best disposal of the surplus. Nevertheless, there are a few people who feel the responsibility of money-power strongly enough to wish to use it well, and who are some-

times conscious of the difficulty of doing so ; and this chapter is an attempt to answer very briefly—and very diffidently—the questions occasionally asked : first, can any principle of selection be applied in our ordinary expenditure upon ourselves ? and secondly, what other use of our money is both possible and advantageous to others ?

We may, as a preliminary, get rid of a common misconception. There is a tendency on the part of all rich people—natural to all holders of power—to think that the wealth they own must be kept in their own hands, and the use of it directed by themselves, even if it is applied to the benefit of others. There is a tacit reference here to a belief, which many of them would repudiate if stated explicitly, that they are the chosen instruments of Providence for the administration of wealth. Now, without endorsing the caustic remark of a clergyman, that if you want to know what the Deity thinks of money, you have only to look at the people to whom He gives it, we may suggest that it is a poor compliment to Providence to regard the existing distribution of wealth as a distribution

of a trust. Nor are the trustees quite consistent. They seldom approve the appointment when the trust is transferred to other hands.

Frankly, there is a lot of cant in this talk about the responsibility of riches. If the burden of responsibility is really felt, it is exceedingly easy to apply the wealth to increasing the welfare of others in ways that are entirely safe and useful. Of this more in a moment. But most rich people seem to think that it is their duty to spend their wealth *themselves*, if not *upon* themselves ; and it is small wonder that they find it difficult to do so wisely or well. The rich *cannot* carry out their "trust" beyond a very limited point. The possession of property, like the possession of any other kind of power, means a command over the lives of other people. This takes two forms. As owners and investors of capital, the rich are the direct controllers of labour ; as spenders of money, they are the indirect controllers of labour. In the former case they can indeed choose their investments with some eye to the production of goods and services for which there is a demand ; but they can seldom, in the complicated system of modern

industry, tell whether the production is really wanted, or whether the labourers are being well-used or ill-used in their work. This, however, belongs to their difficulties as owners of capital, and does not concern us here. As spenders of money, or consumers of wealth, their difficulties, which do concern us, are far greater. Every pound's worth of goods they consume represents the consumption of a portion of somebody's life. We have seen that most of the expenditure upon ourselves, beyond a certain point, cannot be anything but a comparative waste of the total life-power of the community. But more than this. It is absolutely impossible nowadays to choose goods or services in such a way as to ensure that the life expended in the production of them is not partly misused or abused, through evil conditions of work or wage. We think, for example, that we can avoid "sweated" goods, by dealing only at expensive shops, or buying expensive goods. We cannot do anything of the sort. We may, of course, avoid "slop" clothes, which may or may not be sweated; we may perhaps—but this is much more doubtful—avoid clothing of which part of

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the sewing is done by sweated home-workers ; but we cannot, even if we almost give our lives to the task, avoid the direct or indirect use of other goods and services which are produced by sweated labour. To take only a very few instances at random : we may be scrupulous about the matches we use ; but what of the match-boxes, which are more often than not made by sweated workers ? We may choose our shops with care, and with the help of a "white" list ; but how prevent their sending our goods home to us in sweated paper bags or fancy boxes ? The very shopkeepers often do not know how or where these are made. We may pay a top price for our personal belongings ; but does the woman who wears costly embroidered shoes, or the man who buys an expensive umbrella with a silk tassel, know that parts of these are the product of sweating ? Can a rich man, with all his care, prevent the sweating which has produced the trimming of his horses' blankets, or the sacks in which their corn is packed ? Whatever may have been the case in the simpler conditions of the past, the extraordinary complexity of trade, and the minute subdivision of labour at

the present day, preclude the possibility of any consumers, however great their vigilance, exercising their controlling power in the best interests of all the producers of their goods.

In a way, however, this power may and must be used by all consumers. As purchasers, we determine the direction of labour into this channel or that. It is because we demand them that labour is set to work to produce the things we want. Here is clearly an opening for selective power. By spending wisely, a rich consumer can at least direct the labour of producers into more or less healthy channels, even though he cannot avoid the waste inherent in his own consumption of the product. What wise expenditure means would of course require a detailed discussion far beyond our scope. But a few general principles may be laid down.

Taking first the ordinary expenditure upon ourselves and our friends, and confining our attention to the expenditure which we call luxurious, it is clear that the community will benefit much more by money spent upon luxurious goods and services which are in any way progressive, or in harmony with a better state of

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society, than by money spent upon luxuries which represent mere excess of indulgence. It is better, we all agree, for a rich man to give £2000 for pictures than for a dinner. The distinction here implied is a real and important one. We may, in fact, divide all luxuries into two classes : first, goods and services which we should like to see more widely or even universally enjoyed ; and secondly, goods and services the use of which we should like to see curtailed or even abolished. This distinction does not, of course, rest upon any difference of kind, but more often upon differences of degree. Thus we should agree that good food, well cooked and tastefully served (at present, alas ! usually a luxury), belongs to the first class ; while extravagant dinners fall into the second. Flowers, again, are goods which we should like to see more widely enjoyed. But the ostentatious display of masses of flowers we would prefer to see curtailed. It must be noted, too, that the distinction depends upon individual preferences or prejudices. We should not all draw the line alike. Yet most people would, on a fair consideration, come to much

the same conclusion about most luxuries. Should we spend money upon a garden? Certainly, within reasonable limits; for in a better state of society we may hope that every family, in town or country, will have its garden. Or upon domestic servants? Within limits again, yes; there is, at any rate, no doubt that some kind of specialised service, in cooking and cleaning, might be universalised with advantage. Upon footmen, valets, maids? A rich man might say yes to this too; but clearly such luxuries *cannot* ever be universally enjoyed; and so far as they are the accessories of laziness or of vanity, the enjoyment of them cannot be called progressive or desirable.

Sometimes the decision is made easier by the considerations suggested in the chapter on the defence of luxury. The purchase of artistic productions (provided they are not "consumed" too exclusively by the purchasers) may be justified both because the encouragement of art is a condition of progress and because we would like to see the enjoyment of such products widened indefinitely. The purchase and use of a motor-car may find its justification in the fact



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that a valuable invention is thereby encouraged, though we may at present hesitate to say whether we should like to see the use of this luxury become universal. Even so, flying-machines will perhaps at first be expensive and dangerous luxuries, which the rich must buy, as the probable condition of their ever being brought into general use.

But there is another side to the duty of the rich, no less important than their selection of luxuries, in their capacity of purchasers and consumers. What use is to be made of the surplus wealth which the rich man or woman does not choose to spend upon his or her own satisfactions? This is a question often raised by conscientious rich people, who are very ready to point to the difficulty of transferring their claims to others without doing more harm than good, as a sort of justification of the "necessity" of exercising them by expenditure upon themselves or their friends. Charity is so dangerous or harmful, they say; or so much of it is wasted, and does not find its way to the proper recipients. Yet what other way is there of getting rid of surplus wealth?

It has become a very conventional plea, this of the danger of charity. And it is very painfully true that much "charity" is so little thought about, so carelessly given, so unorganised, that its effects are altogether pernicious. We would go further, and say that all "charity," in the sense of giving of money or alms, is an anachronism, and all patronage on the part of charitable people a very degrading thing. Until a couple of centuries ago the rich were often the normal and natural protectors and benefactors of the poor. Charity had its place in the national economy, side by side with clear distinctions of class. But that is past. In the new economy of equal freedom there is no room for the charity of rich patrons; it conflicts with our modern ideals of independence and of interdependence alike; and in the new economy of simple money-power, it interferes with the healthy principles both of self-support and of co-operation. Charity, in the form of giving of alms or of money, can have no place in the modern state; though charity, in the true sense of the giving of thought and sympathy and service, will increase as co-operation increases.

This is literally and unquestionably true ; and yet it is equally true that, as a survival during a transitory stage, much of this same "charity" is necessary, because our ideal of equal freedom is still so very far to seek. The rich, then, may continue their self-imposed tax of gifts to "charities," with the assurance that money so given is needed. But is it really so difficult to decide how the gifts may safely be dispensed ? One is inclined to retort that it is very much more difficult to understand how such a plea can be put forward by any honest rich man or woman, seeing that in every civilised country there exist many charities which are universally acknowledged to be beneficial and worthy of support, and that, for the others, there are bureaux of information from which full and disinterested advice can be obtained. It is easy, not difficult, to dispense one's gifts both wisely and well.

The plea of inability, therefore, to find "good" charities to support can hardly be taken seriously. The further plea, that so much of the subscribers' money is wasted in expenses of management, is probably due either to ignorance

or to gross prejudice. It is well known that all the well-managed charities of England are among the most cheaply managed businesses in the country, the great drawback being that the managers are usually very much underpaid. Where there is mismanagement and waste, the cause is generally to be found in the fact that the charity is in the hands of more or less incompetent voluntary agents, who sometimes imagine that, because their services are unpaid, their inefficiency or neglect is excusable.

There is, however, another method of transferring claims by gifts of money which is not dependent upon existing charities. Some wealthy men prefer to make original benefactions for the endowment or encouragement of some object which commends itself to them. One will found a college or a polytechnic ; another will give a free library or a picture gallery ; another a swimming bath ; another a public park. Clearly this use of wealth may be praiseworthy and beneficial. The objects chosen are usually such as commend themselves to most people, and are very much better than the objects of many established charities. The choice is

often determined by the excellent principle that it is wise to give people what they *ought* to want, but to leave them to get what they actually *do* want by their own efforts. And certainly it is wiser to give a free library than to distribute bread and clothes. But the method is not a perfect one. It can never avoid the taint of patronage ; and it is open to the further objection that it involves the decision of the people's needs from above, instead of leaving them to make the choice themselves. No doubt it is better to present them with a park or a college than with the necessities of life. But it would be better still to let the people decide their own collective needs, as the democracy must learn to do, rather than to decide for them. It is for the community to say whether it most needs a park or a bath, a library or a new street ; it is not the proper function of the rich man to dictate their needs to them. Yet it would be unkind to complain of such benefactions. In whatever way a man has attained the greatness of riches, whether by selling pork or making steel or buying gold-mines, it is impossible for him not to imagine that he is wiser than the mass. Power and patronage are

almost inseparable—and will be so, until the powerful become so humble that they will no longer care to keep their power. And it is perhaps true that the luxury of great benefactions leads to the opening out of new satisfactions for all, just as the purchase of some luxurious goods is the means by which new categories of goods are brought into general use. It is partly by the gifts of libraries and parks and baths that the taste for these things is developed, and the people learn to want them, even as it is the use of the bicycle as a luxury by the few rich which brings both the want of it and the supply of that want into the lives of the many poor. But this argument is hardly strong enough to make the method of large benefactions an entirely satisfactory one.

And now we seem to be reduced to an awkward dilemma. The problem is to find a way in which the rich man may transfer the surplus claims on goods and services which he does not need for himself to the poorer people who do need them. He cannot adopt the direct method of distributing his money in the shape of alms, which would increase the spending

power of poorer recipients, without degrading or pauperising them. He cannot even adopt the indirect method of supplying the needs of the poor by the support of charities or by carefully planned benefactions, without introducing an element of patronage which can never now be desirable. But what other way is there?

The answer is so simple and obvious that it is not likely to find favour. Let the rich man hand over his surplus money to augment the collective purchasing power of the community, and so to be spent by the community in the collective satisfaction of its wants, as determined by itself. In other words, let him give his money to the nation or the municipality to spend on the objects which it decides are necessary—or, if he prefers, let him accept the communal choice of objects, and spend the money himself upon carrying them out. In no other way can he leave to the people themselves the choice of their own satisfactions, and at the same time increase their power of obtaining them.

In the heyday of the prosperity of Athens, it was customary for a rich man to undertake a "liturgy" on behalf of the State, and equip a

trireme, or fighting ship, for the fleet. If the rich approve the national decision to possess a strong navy, why should they not also undertake the liturgy of providing a battleship for the national defence? Or, if their tastes are more peaceable, why not choose the liturgy of building a harbour, equipping a lifeboat or a fire-station, or purchasing and laying out open spaces in towns? The national and municipal demands are varied enough to meet all tastes. Or, possibly better still, why not hand over their surplus to their city or state to use unconditionally?

We seem to hear the instant objections. The rich man has enough of liturgies thrust upon him as it is, in the shape of payments of rates and taxes. Voluntarily to undertake more would merely pauperise the nation or the township as a whole. The people, poor and rich alike, *ought* to pay for the things they demand collectively. It is foolish to relieve them of their self-imposed burdens.

No doubt the people ought to pay their share—and do so. Nor are they likely to escape the necessity of doing so. But the collective expenditure is increasing and must increase, as the



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urgent needs of health, sanitation, and decent conditions of life and work (to say nothing of national defence) come to be more honestly recognised. The *people*, in the sense of the seven-eighths of our population who are anything but rich, cannot pay the increasing cost without lessening their already too small spending-power. By diminishing their growing burden, the rich increase the real income of the poor—the very object which we all wish to realise. And though many rich persons may think it paradoxical to say so, it is literally true that the most beneficial part of the whole “expenditure” of the rich is usually the money they “spend” in rates and taxes. Despite the fact that neither national parliaments nor local councils are as careful and economical as they might be, the money they spend is spent to the general advantage far more than the money spent on luxuries by the rich can ever be ; and every rich man and woman ought to be grateful for the privilege of contributing to the general good by the payment of their rates and taxes.

Moreover, all “charity,” so generally approved by the rich, is an equally certain and very much

more objectionable way of "relieving the poor of the burdens they ought to bear." No doubt they ought to pay the cost of their own medical attendance and nursing ; of their own support in old age ; of their own treats and holidays ; of their own protection and insurance. But we consider it praiseworthy and right for the rich to relieve them of many of these burdens by the payment of voluntary taxes, in the shape of subscriptions to hospitals, almshouses, and charitable funds of all sorts. Why not then increase the voluntary taxation by paying for the satisfaction of some of the needs which are considered so urgent that the community as a whole is forced to attempt to supply them by adding to the already heavy burden of compulsory taxation ?

Clearly then there *is* a way in which our surplus income may be used to satisfy the general and urgent needs of the community as a whole. Whether this satisfaction can best be obtained by giving the community the direct use of the money is a question which need not be discussed. It is more than likely that most well-to-do people will dismiss as absurd the suggestion that they

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should hand over part of their wealth to the state or municipality to spend. Be it so. It may be that expenditure by most public bodies is inherently wasteful on account of mismanagement or want of supervision ; or it may be that we magnify the waste, because we do not find the commercial profit which we instinctively look for, and do not look for or attempt to measure the public benefit into which "profit" has been resolved. But whichever view we take, our general conclusion is unaltered. Are public bodies always wasteful ? Very well ; then let us perform our liturgies ourselves, following the expression of our people's needs as honestly as we can. Are public bodies to be trusted to spend our money well ? In the rather unlikely event of our thinking so, let us make them our agents. In either case the desired end is attained, and the use of our surplus wealth results in an increased satisfaction of wants for the poorer members of our community.

If then the rich admit that it is well to apply their surplus wealth to increasing the power of the poor to satisfy their needs ; if it is also admitted that this cannot usually be done directly

or by charity without grave danger of degradation ; and if further they admit that the collective demands of nation or municipality are the expression of the needs of the community as a whole—whether this demand is for a strong army and navy or for good drains and healthy houses—then they must also admit that there *are* avenues of expenditure open to them which harmonise with the canons of greater satisfaction of general wants and greater economy of national life.

## CHAPTER IX

Summary and conclusion—The religious or spiritual motive, as contrasted with the merely social motive, for simplicity.

OUR arguments may now be summarised briefly. We began by defining luxury and luxurious expenditure by reference to the only absolute standard available, namely, the average amount of income and expenditure of all families in the community. This definition, though open to many objections, does at least furnish a measure of the element of excess which seems to be implied in all luxury ; and it enables us to say that luxury begins as soon as our expenditure upon ourselves or our families passes beyond the average (about £200 a year), and increases in proportion as that expenditure advances further beyond this limit. The definition also gives us a triple connotation for the word ; luxury implies both the expenditure of money beyond a certain point, and the consumption of goods and services beyond a certain point, and

the satisfaction of wants or desires beyond a certain point—these three things being three different aspects of a single fact. We then proceeded to analyse luxury in each of these three aspects, taking them in the reverse order. From the psychological point of view of the satisfaction of desires, we saw that in proportion as the satisfaction of wants or desires on the part of any individual proceeds further and further (by increased expenditure or consumption), so the vital importance of the satisfaction tends to become less and less. This is the well-known principle of the diminishing returns of satisfaction derived from each unit of expenditure as the total amount of outlay increases—a principle applicable to all desires and satisfactions which involve consumption of economic goods and services, though not applicable to those desires and aspirations which are independent of economic satisfactions. From this principle it follows that in proportion as luxurious expenditure increases in the case of any individual, the real or vital satisfaction derived from each pound spent tends to become constantly less. The last pound of a rich man's income brings

in to him a comparatively trifling satisfaction, probably much less than the last shilling of a poor man's income. In this sense, then, luxurious expenditure tends to be wasteful; it is a waste of possible satisfaction for others.

Turning to the economic aspect—the consumption of goods and services—we found that all ordinary expenditure involves the destruction or using up of goods and services. The total stock of goods and services forming the available income, or incoming means of satisfaction, of the nation at any given moment may be considered a fixed amount. It follows that any excessive consumption on the part of any individual or class entails a corresponding deficiency of consumption on the part of some individual or class. This deficiency might not in itself imply any real deprivation among others; nor would it do so in a very rich community where wealth was not very unequally distributed. But when it is remembered that the total income in England works out at only about £40 per head, and that of this total nearly half is consumed by a comparatively small class of rich and well-to-do people, it is obvious that the luxurious consumption on the part of

the latter does really involve some deprivation, some dearth of the means of reasonable or perhaps even of necessary satisfaction, among some of the rest of the citizens.

Further, the consumption of goods and services always means the using up of some portion of the labour-power at the command of the community, and this labour-power, as well as the nature-power which it uses in its work, is also limited in amount at any given time. No one can consume anything, whether a good or a service, a piece of bread or a servant's work, a building or a doctor's attendance, without using up some definite portion of the labour-power of others, and of the nature-power available for the use of all. In this way all consumption must be regarded as a using up and destruction of a part of some one's life, that is, of the life-power represented by an hour's or a day's or a year's work. And all excessive expenditure or luxurious consumption (unless justified on other grounds) must be regarded as a wasteful using up of life ; it uses up a portion of life which might be better used in satisfying others whose needs are greater.

The common opinion that such wasteful using



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up of the products of labour-power and nature-power is good for trade and industry was next considered. It was shown that it could no more be good in a real sense than any other waste of resources could be good. The trade and the industry of a healthy nation would be most vigorous and most healthily conducted by being devoted to providing the most vital and real satisfactions for the greatest possible number of its members, not by being diverted to provide unnecessary and non-vital satisfactions for a comparatively small class. At the same time it is true that a large part of our existing trade and industry has grown up and now exists for the sole purpose of supplying luxuries in excess for the rich. This we must accept as a fact, bound up with the existence of great inequality in the distribution of wealth. And the individuals who now make their living by attending to this part of trade and industry would be ruined if the excessive consumption of luxuries suddenly ceased—*unless* measures were at once taken to set them to work to produce more needed goods on which they might themselves live. In other words, if a large amount of the labour-power of

the community has been set apart and specialised for the production of luxuries, the cessation of the consumption of these luxuries must render that labour-power useless for the time being. It cannot be de-specialised in a moment and transferred to other work. But this is no argument against a gradual diminution of luxurious consumption and waste ; nor is there much fear of any sudden catastrophe or dislocation of industry due to the sudden cessation of luxurious expenditure.

Turning thirdly to luxury in its simplest aspect as an excessive expenditure of money, we found that the amount of expenditure is not always a correct index to the amount of consumption, still less to the amount of satisfaction gained. Much of the expenditure of the rich does not bring in to them any corresponding return in the way of goods and services, and is therefore not really a waste at all, but only a transfer of money, or of claims upon the means of satisfaction, to other people. This is in consequence of the overpayments, the fancy prices, and the monopoly prices, usually paid for both goods and services by the rich. A rich man spending £10,000 a

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year does not really get or consume £10,000 worth of goods and services. A poor man spending £50 a year is much more likely to get the full equivalent in goods for the money spent. Consequently, in estimating the amount of waste in the rich man's luxurious consumption, we cannot fairly take the amount of money spent as the index, but only a part of this.

Some vexed questions connected with the mode of consumption and the kind of goods consumed were next dealt with, and the conclusion reached that popular judgments of wasteful expenditure are often at fault. The only satisfactory test is the amount of the means of satisfaction wasted, or the amount of available labour-power and nature-power actually used up. Wanton or riotous expenditure or consumption may be specially condemned on account of its dangerous tendency; and the reckless consumption of obviously necessary goods such as food may be considered specially wrong because it implies wantonness, but not simply because the goods differ in kind from other goods.

The defence of luxurious expenditure raised very difficult questions. Reasons were given for

modifying the general belief that such expenditure is valuable in consequence of the encouragement so given to new inventions, to enterprise, to trade and commerce, to art and science. The useful functions of luxury appear to be much smaller now than they have been in the past.

In chapter VII. we discussed the difficult topic of the limits of individual expenditure, and the justification of the enjoyment of different amounts of luxury by different people. No final test can possibly be laid down. The deserts of each, the requirements of each individual's efficiency, the differences of customary position, and the differences of capacity to use and enjoy, must all be taken into account. But finally it must be left to the individual's conscience to decide whether this or that amount of expenditure is justified. We may safely assert that absolute equality of expenditure is not an ideal, and that moderate degrees of luxury are justified—for the right people.

In the eighth chapter we attempted to suggest ways in which a conscientious rich man might dispose of his superfluous income. Seeing that the waste of possible satisfaction, or of the

available means of satisfaction, or of the life-power and labour-power of the community, can ultimately only be avoided by the transfer of claims upon the means of satisfaction to poorer people, we are forced to conclude that the safest course at present must be to transfer surplus income, or claims, to the community or to some section of it, in order that the general needs of the community, as determined by itself, may be more fully satisfied. Since the question of the diminution of luxury is bound up with the question of greater equality of spending power or better distribution of wealth, it is clear that other alternative suggestions, including the advice of the economist that a rich man should invest his surplus income instead of spending it, must be considered unsatisfactory.

To some readers who may have followed our argument there must have come with increasing force the conviction that we were not taking the highest road nor emphasising the highest motives. This conviction is entirely justified. We *have* followed the lower road, which nowhere passes beyond the simple considerations of social morality and moderate altruism. We have

pleaded for a diminution of luxury just in order that poorer people may have fuller opportunities of satisfying their needs; that they may not suffer from the cramped life ordinarily associated with a very imperfect satisfaction of those wants which require for their satisfaction some amount of the purchasable goods and services which we call wealth. This recognition of the needs of others, this desire not to use up carelessly the good things which other people need far more than we do, is quite a high enough motive for most of us; it is the motive which lies behind any true social morality. But it is not the highest. Our arguments have not been based upon any higher ground than the appeal to the sense of social duty and the desire for social progress as usually understood. And the usual conception of progress is not an exalted one. It assumes satisfaction of wants or needs or desires as an end, and defines progress, just as it defines civilisation, in terms of satisfaction. The constant multiplication of wants and the constant multiplication of the means of satisfying those wants come to be the essential elements in our definition. From this follows an imperfect con-

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ception of social life and its difficulties and possibilities. We are told that the social problem is nothing whatever but a problem of poverty, and poverty is taken to mean simply the absence in some quarters of the means of satisfying reasonable desires or wants. Or else we are told that the social problem is altogether a problem of character; and by character nothing nobler is usually meant than the will or ability to work determinedly for the attainment of such satisfactions as ensure comfort, or of such an amount of wealth as will ensure security or a competency. But in truth no problem of life can be stated in terms so material or so worldly or so unspiritual. Nor should we ever be content with such conceptions, had we not, in our endless pursuit of satisfactions, drifted very far from any spiritual interpretation of life.

I am very ready, therefore, to admit that the true arguments against luxury rest on quite different ground from that I have chosen. They must depend upon a different conception of life—the religious conception, we may call it; and the essence of this is the recognition that the satisfactions of desire which money can buy matter

little or not at all ; that the really religious man or woman does not and cannot care about them ; still less seek them or cling to them ; least of all wish that they or the desires to which they are relative should be multiplied. Not increased satisfactions, but a complete carelessness in regard to satisfactions, is the religious ideal ; not the constant elaboration of new desires, but a gradual detachment from all ordinary desires, is the root of true progress ; not wealth or the power to gain satisfaction, but poverty or the freedom from the temptations of this power, is the condition to be aimed at—*not merely* in order that injury may not be inflicted upon others who are deprived of the means of living decently, but much more in order that each one of us may be prepared for the path of the better life, the very entrance to which demands the abandonment of all burdens of desire and all attachment to possessions. This of course is the teaching of every great religion, expressed often enough in the assertion that the poor are infinitely more blessed than the rich—the poor being those who have got rid of the desire for satisfactions which come by wealth, the rich being those who are



still cumbered by it. The teaching too, we might add, of all the truest social reformers ; was it not for this reason that Plato stripped his ideal state of all wealth and left it poor and meagre—the only fit nursery in which could grow up the true lovers of the Good ?

To those then who accept this religious or spiritual conception of life, the arguments in this book are beside the point. There is no need to appeal to their social conscience ; no need to urge them to give up part of their abundance to relieve the wants of others. What arguments are necessary for the man

to whose deep-seeing eyes

The clod, the marble, and the gold are one ?

What part can abundance play in the lives of those who care nothing for comfort, have no desire for dainties, need no diversity of passing interests to fill their lives ? “How can we amuse those who live in the presence of God ?” How by money increase the happiness of those who have found peace ?

Yet even of these there may be some who are still surrounded by the excess of comforts and satisfactions which we have classed as wasteful

luxury—not caring about them, of course, but not realising that the unimportant superfluity to which their position has accustomed them may be the cause of deprivation to some poorer people who have not yet got the means to live at all. To them the suggestion that there is need of more careful scrutiny as to the effects of our expenditure may not be quite valueless. They have, doubtless, the right—denied to most of us—to urge that neither wealth nor poverty matters; the former need not bind the soul down, the latter may be the condition of its freedom. Yet they can hardly deny that the poverty which forces a man to concentrate his thought upon possible but denied satisfactions is as great a hindrance as the wealth which tempts a man to dwell upon the satisfactions which are not denied; and by our whole social standard and social principles we do literally invite and even coerce the poor into desiring a fuller and ever fuller measure of satisfaction. Not in this country will the penniless beggar asking for food be taken for a holy man following in the footsteps of his Master. Our example and our teaching alike call upon the very poor to be ashamed of their

poverty, and to set their thoughts upon becoming better off. Our behaviour shows that we have more than a half-belief in the old cynical dictum, that it is time enough to practise the good life when we have obtained a competency. And therefore none of us has the right to leave the poor to their poverty as to a useful discipline, whatever may be our own conviction about the deceitfulness of riches and the dangers of wealth.

## APPENDIX I

### Investment as an alternative to expenditure.

UNTIL recently the difficulty of the rich man expressed in the question, "What am I to do with my surplus income if I do not spend it?" was met by the simple advice, "Invest it; or, if you prefer, leave it at your bank, and let the banker use it for you. There is no fear of its lying idle or being wasted. The claims upon labour and goods which you do not use will, in the process of commerce, pass almost automatically to others who will probably use them more productively than you could have done. They will pass to some tradesman or manufacturer who will use them in increasing trade and industry." This advice was based upon the generally accepted theory of the uses of capital, which involved the assumption that the volume of industry and the employment of labour depend always upon the amount of capital invested; and further that there can never be a general excess of capital invested (though there may be excess in any particular industry), since general over-production is impossible. The whole of this theory of the uses of capital has been attacked recently by economists both in England

and in Germany; the writings of Mr. J. A. Hobson may perhaps be taken as typical of these attacks. According to the latter, excess of saving and investment, and therefore of capital, is not only possible, but is an actually existing evil in England; general over-production is also both possible and actual; and under-consumption is the central fact of unemployment.

The position I have taken up seems to lie midway between these two views, which we may call the orthodox and the unorthodox. The orthodox view assumes too much. In the first place, though it is certainly true in theory that over-production is impossible, it is only true in fact on the assumption that demand (will and ability to purchase) is fairly evenly distributed. But if a large mass of production is relative to the demand of a comparatively small class of consumers, then it is possible for something very near general over-production to occur if part of the usual or expected consumption of this class is restricted in any way—by saving instead of spending, for instance. Some portion of all the goods produced to meet the expected consumption of this class will then be in excess, and will not pass to other purchasers unless the demand-power of others is increased. That the creation of new capital (new machinery and plant available for production) will in time lead to increased purchasing-power on the part of others is certainly true in the case of real and valid, or socially useful, investment; but by no means true in the case of all ordinary investment.

This leads to another defect in the orthodox view. It has been assumed too readily that all creation of new capital is good—or, at any rate, is likely to be better

than an equivalent amount of mere consumption. But it is quite certain that a vast amount of money diverted from consumption and applied as capital to so-called productive uses is either wholly or partially thrown away. A million pounds taken from consumers to build an entirely useless Wembley Tower is more decidedly wasted in every sense than if it had been spent upon immediate satisfactions. This is an extreme instance. But, in only rather less degree, the same waste accompanies the equipping of a mill or factory or gold-mine which is not really wanted, to say nothing of countless superfluous shops in which capital is sunk. In unorganised industry—industry conducted by guesswork and speculation—this waste must always occur; and the fact makes it impossible to regard as satisfactory the unqualified exhortation to the rich to save their money and invest it instead of spending it upon luxuries.<sup>1</sup>

The criticisms of Mr. Hobson and others have rightly laid stress upon this element of social waste involved in much investment. They have rightly emphasised also the dependence of all production upon consumption, and the connection between healthy production and a reformed distribution of consuming-power. This last point cannot, I think, be over-emphasised; and for that reason I have made no suggestions for the use of surplus income by the rich other than those which lead directly to increased consuming-power on the part of the com-

<sup>1</sup> Is it possible that the marked tendency in the direction of taxing unearned incomes (a distinct discouragement of individual saving and investment) is partly due to a vague feeling that the social value of such saving and investment is no longer so great as it used to be?

munity generally. At the same time, Mr. Hobson sometimes seems to elevate mere consumption into a positive virtue; at any rate, the impression carried away by some readers is that more spending, more consumption, more using up of wealth, by themselves and upon themselves, is the cure for unemployment and other social ills; and that therefore any amount of luxurious expenditure is quite justifiable. Side by side with this there goes a belittling of the uses of capital which seems rather extreme. However much we may insist that all production is relative to consumption, we must insist also that both are relative nowadays to the existence of true capital (actual machinery and plant available for the purposes of production); and that this true capital can only be increased by saving and investment in some form or other—either by individuals diverting part of their claims upon wealth from their own immediate use to productive uses, or by the community taking part of the current claims of all and applying them to setting labour to work to create new capital in the true sense. The former method is that of individual saving; the latter that of the saving which would go on in the socialist state. But one or the other is essential; and though the former is at present accompanied by continual waste, it must go on until the socialist state is reached, with its better adjustment of supply to wants, its better organisation of labour in relation to real needs, and its better forecast of probable demand. For this reason, we can safely say that many a manufacturer or merchant, who knows the possibilities of his own business, is really making the best possible use of his surplus income by putting it back into his business and so increasing its

productive capacity. Such saving and investment on his part is often a real addition to the power of the community to satisfy its wants, since—on the assumption that he knows the possibilities of his trade—the creation of new capital is not likely to be either wasteful or superfluous. And, at the worst, all such investment entails exactly the same amount of consumption of goods and services (though not of the same kind) as any mere consumption or expenditure of income upon immediate satisfactions.

I am aware that this statement does not go to the root of the matter. But an analysis of the consequences, in the way of transfer of claims and of increased or decreased satisfaction, which follow whenever any one substitutes investment for spending, would be quite beyond the scope of this book. I do not think that any complete analysis has ever been made, probably because consumption has hitherto occupied so little of the attention of economists. But, until it is made, the question at issue cannot be settled satisfactorily.



## APPENDIX II

The meaning of "unearned" incomes.

**T**HE phrase "unearned" income is generally understood nowadays as applying to all income derived in the form of rent of land or interest from invested capital, which the owner receives irrespective of any work on his part. And the word "unearned" simply implies that the income is not earned *by* the recipient, but is earned *for* him by the work of other people. He has a perfect right, of course, to the receipt and use of it, so long as his society allows him to receive and use it. But such income always stands in a different class from all incomes which are actually paid in return for work done by the recipient; and the extent of this difference is made clear by a little reflection.

My capital may have been earned. I may possess £50,000, saved out of my earnings; and this belongs to me in a definite and real sense. But if I invest it, say in railways, the annual income is not earned, except by others; and it belongs to me in a very different sense. It is easy to understand my proprietary rights in the £50,000 I have earned; it is much more difficult to understand my right to an annual payment for an indefinite time out of the earnings of others, in addition to the

£50,000, which still remains mine. It is even doubtful whether we should not be rather puzzled at finding the two forms of "property" called by the same name, if we had not grown up in familiarity with a very wide sense of the word "property." As it is, "property" connotes many very different elements in the established order of social life and industry; and leagues in defence of property are not leagues in defence of the property rights essential to good living (which many socialists might agree to), still less in defence of any natural rights (which cannot be defined), but in defence of the whole social order as it now happens to be.



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